Company Registration No. 00653665

# Motus Group (UK) Limited

## Annual Report and Financial Statements

For the year ended 30 June 2023

# Motus Group (UK) Limited

## Annual report and financial statements for the year ended 30 June 2023

## Contents

# Motus Group (UK) Limited

## Annual report and financial statements for the year ended 30 June 2023

## Officers and professional advisers

**Directors**

OS Arbee
OJ Janse Van Rensburg
RG Truscott
AB Welch
MD Lawrenson
L Seward
DI Peel (appointed 25 August 2022)

**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

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023

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

### Principal activity

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

### Review of the business

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 LCV dealerships and Daimler Truck dealerships in Hertfordshire, Essex, Cambridgeshire, Norfolk and Suffolk. The Pentagon Motor Group operates passenger vehicle and LCV dealerships which offer new and used car and LCV sales, parts and servicing for Vauxhall, Ford, Peugeot, Citroen, Seat, Nissan, Renault, Mazda, Dacia, Kia and Cupra. 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.

The UK new vehicle market is steadily recovering from the post Covid supply shortages caused by interruption to component supply. The combined UK passenger car, LCV and HGV markets grew by 12.1% in the year to 30th June 2023 compared to the prior year, although this remains 23.1% lower than in the year to 30th June 2019. The revenue increased by 14% to £1.3bn from £1.1bn in 2022. The constraints on manufacturer production in the prior year due to component shortages eased in the current year which resulted in an increase in new vehicle product available for us to sell and this was the primary reason for the revenue increase. The business achieved a strong operating performance for the year making an operating profit of £26.3m (2022: £23.8m), the increased interest costs amounting to £10.5m (2022: £6.6m) resulted in a profit before tax of £15.8m, £1.4m behind the prior year.

The results for the year are as set out in the profit and loss account on page 22.

Dividends declared and paid in the year were as set out in the Directors Report on page 12.

### Future developments

The first three months of the new financial year have followed the trading patterns of the year to 30 June 2023. However, the macro-economic environment with higher inflation and increasing interest rates is showing signs of dampening consumer demand in the short term.

### Sustainability Information Statement

**Climate change**

Climate change and the response of international governments to these issues, will have a significant impact on the automotive sector over the coming years. In response to this the automotive sector continues to undergo a period of evolution, driven by a combination of technology, environmental and social change factors.

COP27 held in Egypt in November 2022 reaffirmed commitment to the Paris Agreement which sets out an international ambition to hold the increase in global average temperature well below 2°C above pre-industrial levels, and to pursue efforts to limit this to 1.5°C. Governments are looking to businesses for help to keep global temperatures within a safe range. UK companies are now required to report in line with the recommendations set out in the Task Force on Climate-Related Financial Disclosures (TCFD). This section of the Strategic Report sets out our disclosures in compliance with the TCFD recommendations and recommended disclosures.

# Motus Group (UK) Limited

# Strategic report for the year ended 30 June 2023 (continued)

## Sustainability Information Statement (continued)

### Climate change (continued)

### Governance

Robert Truscott, Chief Executive Officer, is the Board Director with ultimate responsibility for climate-related issues, with the support from the Executive Team.

The CEO delegates responsibility for assessing and monitoring climate-related risks and opportunities to the Executive Team. The Executive Team and their Management Teams consider climate-related risks and opportunities over the short, medium and long-term, with the purpose of identifying climate-related risks and opportunities and assessing how these may impact strategic and financial planning.

The Divisional Audit Committees meet twice a year to consider emerging and significant risks throughout the year which includes climate-related risks.

The Company Audit Committee, who meet twice a year, consider the output from the Divisional Audit Committee meetings.

### Strategy

The company's strategy anticipates the impact that climate-related risks and opportunities will have for automotive retailers in the future. The shift from traditional internal combustion engines ('ICE') to new energy vehicles ('NEVs') is already well underway, driven by regulatory interventions such as the Clean Air for Europe programme ('CAFE'). Under the CAFE regulations, punitive financial penalties were imposed from 2020 on vehicle manufacturers which do not achieve significantly reduced average CO2 emissions. In addition, the UK government is setting their own targets for the cessation of sales of new passenger car and LCV ICE vehicles (including hybrids) by 2035.

As a result, all major vehicle manufacturers are investing heavily in the development and launch of NEVs. The substantial investment requirements of these developments have already led to significant collaboration and consolidation between vehicle manufacturers. The most material climate change risk that we face is where there is a misalignment between the speed at which our OEM partners are able to transition their model line up to NEVs and the pace of adoption of NEVs. In those instances, we may experience periods of either market share loss or excess vehicle availability.

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.

The factors outlined above present risks and opportunities for motor retailers in the future. The increasing proportion of NEVs 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 our OEM partners and the ability to invest in infrastructure required to service NEVs, differentiates 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. 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 right 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 NEVs 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. We are also actively engaged in discussions with newer OEM entrants (e.g. those manufacturing only battery EVs), which, if successful, will support a further broadening of our brand footprint. The Board has considered the potential impacts of climate change driven changes in the sector when assessing for impairment.

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

**Sustainability Information Statement (continued)**

**Climate change (continued)**

**Strategy (continued)**

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.

**Climate-related Risk Management**

Refer to detailed risk management under Management of risks and uncertainties on page 10 below.

**Metrics and Targets**

Refer to the Directors Report under Energy and Carbon reporting for the metrics and targets used.

**Section 172 statement**

**Engaging with stakeholders**

Positive relationships with the Company's stakeholders are key to the long-term success of the Company. During the year ended 30 June 2023, 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.

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 with the 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 on the financial performance and the key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. During the year the Board considered reports on the development of our franchise relationships with new entrants to the UK market together with assessments of the value of certain existing franchise relationships. This process focussed on the investment requirements and potential returns of each franchise relationship. This ongoing review process is vital to ensure the long-term success of the company.

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 Company engages with stakeholders to understand what matters to them and takes this into account when setting strategy and also in our day-to-day business operations.

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.

**Section 172 statement (continued)**

**Engaging with stakeholders (continued)**

| 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. | • Website<br>• Customer satisfaction surveys<br>• Google reviews<br>• Social media engagement<br>• Dedicated customer services team | • Customer service<br>• Value for money<br>• Product knowledge<br>• Product range<br>• Service provision<br>• Access to local service |
| Colleagues | Our colleagues are essential to support the delivery of the company strategy.<br>Ensuring that the business has the right values and culture is of paramount importance to the business model. | • Colleague satisfaction survey and feedback sessions<br>• Regular team briefs and toolbox talks<br>• Social media engagement<br>• Apprenticeship programme<br>• Training and development courses<br>• Employee awards for strong performance | • Pay and employment conditions<br>• Career opportunities<br>• Training and development<br>• Employee mental and physical wellbeing<br>• Recognition |
| Manufacturers | The Company operates a franchisee business model, strong ongoing relationships with manufacturers are fundamental to this. | • Monthly financial performance reporting<br>• Regular review meetings<br>• Manufacturer conferences<br>• Membership of manufacturer dealer councils and sub-groups<br>• Organisation along franchise lines | • OEM registration targets<br>• Dealership financial performance<br>• Customer satisfaction scores<br>• Dealership portfolio management<br>• Aftermarket parts sales volumes |

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

**Section 172 statement (continued)**

**Engaging with stakeholders (continued)**

| Stakeholder | Why it is important to engage | Ways to engage | Stakeholders' key interests |
|---|---|---|---|
| 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<br>• Monthly compliance reporting<br>• Compliance reviews | • Financial performance<br>• Strength of financial position<br>• Business planning and forecasting<br>• Volumes of finance written<br>• Compliance with regulations<br>• Ability to continue as a going concern |
| Shareholders | Provision of clear and transparent information is essential to inform investment decisions model. | • Board Meetings<br>• Annual report and accounts<br>• Monthly reporting | • Profitability<br>• Return on invested capital<br>• Capital allocation<br>• 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 | • Compliance with laws and regulations<br>• 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<br>• Local sponsorship arrangements | • Employment and development opportunities<br>• Corporate and social responsibility<br>• Environmental impact |

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

### Going concern

In the year to 30 June 2023 the business performed strongly at both Operating Profit and Profit Before Tax level and, although the macro-economic environment is weakening, the business has performed in line with expectations in the period since the year end.

Motus Holdings (UK) Limited, Motus Group (UK) Limited, FAI Automotive plc and Motor Parts Direct Limited operate a pooled bank facility with Barclays. This UK bank pool has an uncommitted overdraft facility of £10m. The overdraft facility was renegotiated and reduced from £16m to £10m in December 2022 as it was not being used.

Management have prepared a profit and loss and cash flow forecast for the UK businesses for the period to 30 November 2024. Based on this we forecast to remain comfortably within the existing bank facility limits throughout the period to 30 November 2024, with a potential requirement to access the uncommitted bank overdraft facility at some points during this period. This forecast has been reviewed and approved by the Board.

By their very nature forecasts and projections are inherently uncertain. Due to the 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 volume of new and used vehicles available for sale by a further 10% below the current forecast levels;
- an interest base rate increase to 5.75% by the end of the forecast period;
- an increase in energy costs of 25% above the budgeted levels.

When these downside sensitivities are combined and applied to the financial projections, they indicate that at its lowest point in the forecast period, £10.4m of cash would remain available and there would be no requirement to access the uncommitted bank overdraft facility at any point.

Based on the detailed forecasts prepared by management, 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

The company's key financial and other performance indicators during the year were as follows:

| | 2023<br>£'000 | 2022<br>£'000 | Change<br>% |
|---|---|---|---|
| Number of new vehicles sold - units | 21,698 | 21,405 | 1% |
| Number of used vehicles sold - units | 11,772 | 11,759 | 0.1% |
| Turnover | 1,278,875 | 1,123,229 | 14% |
| Gross Profit | 172,939 | 161,798 | 7% |
| Gross Profit % | 13.5% | 14.4% | |
| Operating Profit | 26,277 | 23,791 | 10% |
| Operating Profit % | 2.0% | 2.1% | |

The demand for new and used vehicles exceeded supply in the year however margins reduced from 14.4% in the prior year to 13.5% in the current year. Although the total number of new vehicles sold increased by 1% the mix moved from passenger vehicles to HGV vehicles which generate a higher revenue per unit. The resultant increase in new vehicle sales revenue as a proportion of total revenue has resulted in an overall reduction in the gross profit margin.

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

**Management of risks and uncertainties**

The Company's Risk Management process considers both the internal and external environment. Each division within the Company maintains a divisional risk register which is reviewed at divisional audit committee meetings. A consolidated risk register and a risk report identifying key risks and trends, is presented to the company's audit committee meetings.

The following table shows the principal risks the Company is exposed to and the Company's approach to mitigating the risk.

| Risk | Impact | Mitigation of risk |
|---|---|---|
| **Strategic** | | |
| Reliance on vehicle manufacturer partners | We are reliant on our vehicle manufacturer partners to provide products of sufficient quality and desirability to maintain their market share. | The worldwide supply shortages of raw materials and semi-conductors experienced in the post Covid19 have eased. The company monitors the risk in this area. The business' views are represented by participation in dealer council meetings. |
| Inflationary pressure, increases in interest rates and cost increases | Inflationary pressure on the cost of living could impact consumer confidence and subsequently their propensity to buy. | We mitigate economic risk by managing a balanced portfolio of truck and passenger car franchises, new and used vehicle sales, and franchised and unfranchised aftersales. We continually optimise our dealerships and operating model. |
| Interest cost increases impacting on floorplan costs | Interest rate increases directly impact the cost of new vehicle floorplan stocking interest charges. | Wherever possible we recharge the interest costs on customer ordered vehicles to that customer.<br>We are focused on minimising unsold new vehicle stock. |
| **Legal and regulatory** | | |
| Changes in legislation | 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. |
| Failure to comply with Health and Safety Policy | Injury to customers and colleagues | • The company has a dedicated Health and Safety Team which operates in all areas of the business.<br>• The Health and Safety Auditor and Internal audit team monitor compliance and recommends any corrective or preventative actions.<br>• Mandatory training for all colleagues. |

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

**Management of risks and uncertainties (continued)**

| Risk | Impact | Mitigation of risk |
|---|---|---|
| **Economic, political and environmental** | | |
| Economic conditions | Vehicle sales volume and margin are affected | • Close monitoring of UK economic conditions.<br>• Maintain close relationships with manufacturer partners.<br>• Focus on retention initiatives specifically in aftersales.<br>• Focus on cost control. |
| Market and environmental considerations impact on vehicle supply and values | Vehicle supply constraints as a result of vehicle component shortages, government regulation and new entrants in the used vehicle market | • Inventory management and control to enable company to react quickly to pricing changes.<br>• Daily monitoring of used vehicle market to detect pricings movements. |
| **Systems and technology** | | |
| Failure of company information systems or telecommunication systems | Business is interrupted | • Robust business continuity process has been developed.<br>• Operation of this process is regularly tested, reviewed and updated as necessary. |
| Company or key system provider is targeted for malicious cyber attack | Business is interrupted<br><br>Data is compromised | • Robust business continuity process has been developed.<br>• Upgraded all devices and users with endpoint and web security.<br>• Security awareness training completed by all colleagues.<br>• Penetration and vulnerability testing reviewed regularly to assess new threats. |
| **Finance and treasury** | | |
| Cash flow risk | Risk that the business is not sufficiently funded. | The company's activities do not expose it to significant financial market risks, including price risk, liquidity risk and foreign currency exchange risk.<br>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.<br>The company do not enter into foreign exchange forward contracts and interest rate swap contracts. |

# Motus Group (UK) Limited

## Strategic report for the year ended 30 June 2023 (continued)

**Management of risks and uncertainties (continued)**

| Risk | Impact | Mitigation of risk |
|---|---|---|
| **Finance and treasury (continued)** | | |
| Credit risk | Cash flow and profitability impact of the failure of a major customer | The company has no significant concentration of credit risks due to exposure being spread over a large number of customers.<br>The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.<br>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. |
| Liquidity risk | Lack of liquidity impacts on the ongoing operations and future development | In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term debt from its parent company and short-term asset backed stock funding. |
| Use of estimates | Variance in accounting judgment impacts profitability | • Key accounting judgements are reviewed on a regular basis to ensure these remain appropriate.<br>• Regular review of changes in accounting standards framework to assess any likely impact on the company. |
| **Climate-related risks** | | |
| Refer section below for detailed description of the management of climate-related risks | | |

**Climate-related risks**

Risks are managed as part of the continuous risk management process. Climate-related risks are identified and assessed within the Risk Management Framework.

**Establishing climate-related risks and opportunities**

We operate a divisional risk review process to determine potential risks and consolidate these into one company-wide risk register. We consider which risks and opportunities are the most relevant taking into account both likelihood and potential impact after applying risk mitigating actions.

### Climate-related Risks and Opportunities

The CR&Os detailed below are considered to have the most significant impact on the Company over the short, medium and long-term.

| Type | Description | Length | Impact on strategy and risk mitigation |
|---|---|---|---|
| Transition risk – Market | Market share impact from misalignment between OEM and market on EV | Short and Medium-term | When evaluating investment opportunities, we consider the speed at which the market sector is moving to EV adoption and the pace at which our OEM partners are transitioning their product pipeline from ICE to EV. This has the potential to have a material impact on the future strategy. |
| Transition risk – Technology | Aftersales impact from EV lifecycle and maintenance | Medium and long-term | We have considered the infrastructure required on company premises for EV aftersales. A reduced number of moving parts in EV could lead to reduced sales of secondary and replacement components. As the percentage of EV sales is still relatively low, this will not impact aftersales in the near term. Increased vehicle complexity could be an opportunity as more older vehicles may be serviced by the dealer networks. |
| Transition Risk – Policy and legal | Tax levied on the carbon emissions required to produce goods and on logistics | Medium and long-term | Carbon taxes could increase cost of operations (including transport and logistics) and of parts and vehicles with potential impact on size of market. We continue to monitor the likelihood of carbon taxes impacting costs. |
| Transition risk – Technology | EV availability constraints due to rare earth metals | Medium and long-term | We have not seen any supply chain disruption attributable to this issue and, in the event of battery shortage, would apply the usual measures we would take to deal with any supply chain issues. This is an emerging risk which is kept under review. |
| Physical Risk – Extreme weather event | Disruption to operations and supply due to flooding, wildfires and drought, and impact from water stress | Medium and long-term | Extreme weather events and water stress could result in an increase in the costs of mitigation measures i.e. relocating sites and insurance costs. We have concluded that this will not be a direct impact in the near-term. However, we continue to monitor this closely. |
| Energy source opportunity | Energy savings from global greenhouse gas emission reduction targets/resource efficiency | Short, medium and long-term | Setting science-based targets for our scope 1 and scope 2 emissions drives us to reduce our base energy usage. In doing so, we can also generate significant cost savings. |

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: 31 October 2023

# Motus Group (UK) Limited

## Directors' report for the year ended 30 June 2023

The directors present their annual report on the affairs of Motus Group (UK) Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 30 June 2023.

**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
DI Peel (appointed 25 August 2022)

**Dividends**

An interim dividend of £3m was declared and paid during the year (2022: £nil), the directors do not recommend the payment of a final dividend (2022: £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.

**Employment of disabled persons**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**Employee engagement**

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 of 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.

**Stakeholder engagement**

A summary of how the company engages with stakeholders is set out in the Section 172 statement on pages 4, 5 and 6 of the Strategic Report.

# Motus Group (UK) Limited

## Directors' report for the year ended 30 June 2023 (continued)

**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**<br><br>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.<br><br>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.<br><br>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.<br><br>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 those meetings. |
| **Board composition**<br><br>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 seven Directors of the company, five executive Directors based and working in the business and two further Directors based in South Africa.<br><br>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.<br><br>There are regular reviews of the Board composition and changes are made when considered appropriate.<br><br>The Directors' names are listed on page 1 of the financial statements. |
| **Director responsibilities**<br><br>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.<br><br>Monthly divisional review meetings are conducted and key decisions are debated and challenged as appropriate.<br><br>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 also engages external advisors to test the systems and controls in place in the business and any weaknesses are reported to the Audit Committee.<br><br>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**<br><br>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.<br><br>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.<br><br>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.<br><br>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.<br><br>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**<br><br>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 of the wider Motus Group. |
| **Stakeholder relationships and engagement**<br><br>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 2023 (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

| | 2023 | 2022 |
|---|---|---|
| | | |
| **Total Energy Consumption - Used for Emissions Calculation (kWh)** | **34,365,687** | **35,744,642** |
| | | |
| Gas Combustion Emissions, Scope 1 (tCO2e) | 3,373 | 3,311 |
| Purchased Electricity Emissions, Scope 2 (tCO2e) | 2,052 | 2,434 |
| Vehicle Fuel Combustion Emissions, Scope 1 (tCO2e) | 4,825 | 4,532 |
| **Total Gross Reported Emissions (tCO2e)** | **10,250** | **10,277** |
| | | |
| **Turnover (£m)** | **1,279** | **1,123** |
| | | |
| **Intensity Ratio: Turnover (tCO2e / £m)** | **8.01** | **9.15** |

### 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 2023 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 has continued its partnership with Ecology to offset CO2 emissions produced from all its operations.
- We have set an internal target of a 3% year on year reduction in Scope 1 and Scope 2 emissions.

### Directors and officers liability insurance

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

### Financial risk management

Refer to the Finance and treasury risks under the Management of risks and uncertainties on pages 9 and 10 of the Strategic Report.

# Motus Group (UK) Limited

## Directors' report for the year ended 30 June 2023 (continued)

### 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 will be resigning following the approval of these accounts due to auditor rotation. It is expected that PwC will be appointed as auditors at the next AGM.

### Future developments

Details of future developments are provided in the Strategic Report on page 2.

### Subsequent events

There are no events subsequent to the year-end that require disclosure.

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: 31 October 2023

# Directors' responsibilities statement for the year ended 30 June 2023

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.

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

# 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 2023 and of its profit 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:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 31.

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" (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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included our assessment of the entity:

- financing facilities including nature of facilities, repayment terms and covenants
- linkage to business model and medium-term risks
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis and sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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

**Conclusions relating to going concern (continued)**

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.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

**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.

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

**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, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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, Financial Conduct Authority (FCA) and 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.

Our procedures to address it are described below:

- 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.

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

## 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.

### 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.

DocuSigned by:

Manmeet Kalsi

AA4428D72C13451...

Manmeet Kalsi ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

31 October 2023

# Motus Group (UK) Limited

## Profit and loss account and other comprehensive income
## For the year ended 30 June 2023

| | Notes | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Turnover** | 4 | 1,278,875 | 1,123,229 |
| Cost of sales | | (1,105,936) | (961,431) |
| **Gross profit** | | 172,939 | 161,798 |
| Distribution costs | | (87,603) | (82,848) |
| Administrative expenses | | (59,059) | (55,159) |
| **Operating profit** | | 26,277 | 23,791 |
| Net interest payable and similar charges | 5 | (10,467) | (6,576) |
| **Profit before tax** | 6 | 15,810 | 17,215 |
| Tax on profit | 9 | (2,738) | (4,055) |
| **Profit for the financial year** | | 13,072 | 13,160 |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | 13,072 | 13,160 |

All amounts relate to continuing operations.

There have been no comprehensive income or expenses in either the current or preceding financial years accordingly no separate statement of comprehensive income has been presented.

# Motus Group (UK) Limited

## Balance Sheet
## As at 30 June 2023

| | Notes | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 10 | 23,425 | 23,425 |
| Tangible assets | 11 | 19,220 | 17,904 |
| Right of use assets | 12 | 77,123 | 78,140 |
| | | 119,768 | 119,469 |
| **Current assets** | | | |
| Stocks | 13 | 436,546 | 250,204 |
| Debtors | 14 | 95,978 | 71,828 |
| Cash at bank and in hand | 16 | 36,967 | 24,815 |
| | | 569,491 | 346,847 |
| **Creditors: amounts falling due within one year** | 17 | (555,193) | (331,433) |
| **Net current assets** | | 14,298 | 15,414 |
| **Total assets less current liabilities** | | 134,066 | 134,883 |
| Creditors: amounts falling due after more than one year | 18 | (78,252) | (90,681) |
| Provisions for liabilities | 20 | (4,140) | (2,282) |
| **Net assets** | | 51,674 | 41,920 |
| **Capital and reserves** | | | |
| Called up share capital | 21 | 560 | 560 |
| Share premium account | 22 | 554 | 554 |
| Profit and loss account | 23 | 50,560 | 40,806 |
| **Total shareholders' funds** | | 51,674 | 41,920 |

The financial statements of Motus Group (UK) Limited, registered number 00653665, were approved and authorised for issue by the Board of Directors on 31 October 2023.

Signed on behalf of the Board of Directors

Andrew Welch

**AB Welch**

*Director*

# Motus Group (UK) Limited

## Statement of changes in equity
## For the year ended 30 June 2023

| | Notes | Called up share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2021** | | 560 | 554 | 27,626 | 28,740 |
| Profit and total comprehensive income for the year | | - | - | 13,160 | 13,160 |
| Capital contribution related to share-based payments | 25 | - | - | 20 | 20 |
| - Expense recognised for share-based payments | | - | - | 121 | 121 |
| - Hedge premium in respect of share-based payments | | - | - | (101) | (101) |
| **Balance at 30 June 2022** | | 560 | 554 | 40,806 | 41,920 |
| Profit and total comprehensive income for the year | | - | - | 13,072 | 13,072 |
| Capital contribution related to share-based payments | 25 | - | - | (318) | (318) |
| - Expense recognised for share-based payments | | - | - | 62 | 62 |
| - Hedge premium in respect of share-based payments | | - | - | (380) | (380) |
| Dividend paid | | - | - | (3,000) | (3,000) |
| **Balance at 30 June 2023** | | 560 | 554 | 50,560 | 51,674 |

# Motus Group (UK) Limited

## Notes to the financial statements
## For the year ended 30 June 2023

### 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 16.

**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.

1. **General information (continued)**

**Going concern**

In the year to 30 June 2023 the business performed strongly at both Operating Profit and Profit Before Tax level and, although the macro-economic environment is weakening, the business has performed in line with expectations in the period since the year end.

Motus Holdings (UK) Limited, Motus Group (UK) Limited, FAI Automotive plc and Motor Parts Direct Limited operate a pooled bank facility with Barclays. This UK bank pool has an uncommitted overdraft facility of £10m. The overdraft facility was renegotiated and reduced from £16m to £10m in December 2022 as it was not being used.

Management have prepared a profit and loss and cash flow forecast for the UK businesses for the period to 30 November 2024. Based on this we forecast to remain comfortably within the existing bank facility limits throughout the period to 30 November 2024, with a potential requirement to access the uncommitted bank overdraft facility at some points during this period. This forecast has been reviewed and approved by the Board.

By their very nature forecasts and projections are inherently uncertain. Due to the 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 volume of new and used vehicles available for sale by a further 10% below the current forecast levels;
- an interest base rate increase to 5.75% by the end of the forecast period;
- an increase in energy costs of 25% above the budgeted levels.

When these downside sensitivities are combined and applied to the financial projections, they indicate that at its lowest point in the forecast period, £10.4m of cash would remain available and there would be no requirement to access the uncommitted bank overdraft facility at any point.

Based on the detailed forecasts prepared by management, 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. **Significant accounting policies**

**Adoption of new and revised standards**

The amendments made to IAS 16, IAS 37 and IFRS 3 as well as the annual improvements made to IFRS 9 and IFRS 16 were applicable to the current financial year and had no significant impact on the results of the Company.

**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.

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

**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 of acquisition related assets takes place within 10 years of the 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.

**2. 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 and small items of office furniture). 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 disclosed in notes 17 and 18. 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.

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.

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

**Leases (continued)**

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 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*

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.

**Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of the reporting period that the asset may be impaired.

# Notes to the financial statements (continued)
# For the year ended 30 June 2023

## 2. Significant accounting policies (continued)

### Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

### 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.

# Notes to the financial statements (continued)
# For the year ended 30 June 2023

## 2. Significant accounting policies (continued)

### 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.

### 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 include 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.

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

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

**Financial instruments (continued)**

*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.

**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.

*Revenue recognised over a period of time*

Revenue from vehicle maintenance and service plans is long term in nature (two to five years) and is recognised as the work is performed over the life of the plan (over time). Revenue is recognised when the vehicle is maintained, serviced or repaired in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin. At the end of the plan, any remaining profits are recognised in profit or loss. The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires.

Guaranteed buy-back arrangements where control has not transferred to the purchaser, is accounted for as a lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where there is a loss on the transaction, this is taken upfront to operating expenses.

**Cost of sales**

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

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

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

**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.

**Government grants and assistance**

Grants received from government are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants for the reimbursement of operating expenditure are deducted from the related category of costs in the income statement. Once a government grant is recognised, any related deferred income is treated in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

**Vehicle stock funding**

Stocking loans are new vehicle financing arrangements provided by OEM Brand Partners which are used to fund the purchase of new vehicles prior to re-sale. Each agreement entered into has its own terms and conditions. These financing arrangements are generally: uncommitted facilities; for specific, separately identifiable vehicles held as inventory; which have a maturity of 360 days or less; and the Company is normally required to repay amounts outstanding on the earlier of the sale of the vehicles that have been funded under the facilities or the stated maturity date. These arrangements are classified within trade and other payables.

**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 Motus Holdings Limited 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 25.

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

### 3. Critical accounting judgements, estimates and assumptions

In applying the Company's accounting policies, which are described in note 2, 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***

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies.

### 4. 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.

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Sales of goods | 1,148,833 | 1,002,734 |
| Provision of services | 130,042 | 120,495 |
| | 1,278,875 | 1,123,229 |

Turnover from continuing operations is generated wholly in the UK.

### 5. Net interest payable and similar charges

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Interest charge on bank loans and overdrafts | 60 | 68 |
| Interest charge on manufacturer floor plan creditor | 6,232 | 2,074 |
| Interest charge on lease liabilities | 3,552 | 3,484 |
| Intercompany interest payable | 522 | 952 |
| Other interest charges | 146 | - |
| Interest payable and similar expenses | 10,512 | 6,578 |
| Interest receivable and similar income | | |
| Bank interest receivable | (45) | (2) |
| Interest receivable and similar income | (45) | (2) |
| Net interest payable and similar expenses | 10,467 | 6,576 |

### 6. Profit before tax

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

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Cost of stock recognised as an expense | 1,071,308 | 926,316 |
| Rates relief and rates grants received | (7) | (848) |
| Net charge for stock net realisable value provisions | 212 | 1,226 |
| Rent receivable | (291) | (349) |
| Depreciation charge and impairment of tangible fixed assets | | |
| Right of use assets (note 12) | 12,155 | 10,501 |
| Other tangible fixed assets (note 11) | 4,675 | 5,992 |
| Profit on sale of tangible fixed assets | (129) | (471) |
| Profit recognised on termination of lease contracts | (6) | (1) |
| Remeasurement of lease liability | (546) | (27) |
| Impairment of right of use asset (note 12) | 540 | 26 |
| Operating lease rental payments | | |
| Property lease rental payments | 152 | 407 |
| Plant and machinery lease rental payments | 2,605 | 2,440 |
| Auditor's remuneration (note 7) | 431 | 399 |
| Staff costs (note 8) | 118,586 | 113,032 |

### 7. Auditor's remuneration

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

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Fees payable to the company's auditor in respect of audit services: | | |
| The audit of the financial statements | 431 | 399 |
| Non audit services | - | - |
| Total audit fees | 431 | 399 |

## 8. Employee information

| | 2023<br>No. | 2022<br>No. |
|---|---|---|
| The monthly average number of employees employed during the year was: | | |
| Sales | 411 | 418 |
| Service and bodyshop | 1,568 | 1,572 |
| Parts | 485 | 471 |
| Administration | 342 | 377 |
| | 2,806 | 2,838 |

**Staff costs charged in the profit and loss account**

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Staff costs, including directors' remuneration amounted to: | | |
| Wages and salaries | 102,857 | 98,257 |
| Social security costs | 10,550 | 9,788 |
| Other pension costs – defined contribution and similar schemes (note 29) | 5,179 | 4,987 |
| | 118,586 | 113,032 |

Included in wages and salaries is a share-based payment charge of £62,000 (2022: £121,000).

**Directors' emoluments**

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| Total directors' emoluments were as follows: | | |
| Emoluments | 1,531 | 1,562 |
| Company contributions to a money purchase pension scheme | 22 | 10 |
| | 1,553 | 1,572 |

# Notes to the financial statements (continued)
# For the year ended 30 June 2023

## 8. Employee information (continued)

| | 2023 No. | 2022 No. |
|---|---|---|
| Number of directors who are members of a defined contribution scheme | 3 | 2 |
| 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:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Emoluments | 434 | 429 |
| Company contributions to a money purchase pension scheme | - | - |
| | 434 | 429 |

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

## 9. Tax on profit

The tax charge on profit is as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **Current tax** | | |
| UK Corporation tax and group relief at 20.5% (2022: 19%) based on the taxable profit for the year | 3,031 | 2,979 |
| Adjustments in respect of prior periods | (757) | (510) |
| Total current tax charge | 2,274 | 2,469 |
| **Deferred tax charge** | | |
| Deferred tax on the origination and reversal of temporary differences | 738 | 872 |
| Effect of change in rate of corporation tax | 136 | (50) |
| Adjustments to deferred tax in respect of prior periods | (410) | 764 |
| Total deferred tax charge (note 15) | 464 | 1,586 |
| Total tax charge for the financial year | 2,738 | 4,055 |

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

### 9. Tax on profit (continued)

The tax 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 20.5% (2022: 19%) as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Profit before taxation | 15,810 | 17,215 |
| Tax at the UK effective corporation tax rate of 20.5% (2022: 19%) | 3,241 | 3,271 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 424 | 205 |
| Permanent difference related to share-based payments | (71) | 23 |
| Loss on sale of ineligible assets and ineligible depreciation | 175 | 352 |
| Change in rate of corporation tax | 136 | (50) |
| Adjustments to current tax in respect of previous periods | (757) | (510) |
| Adjustments to deferred tax in respect of previous periods | (410) | 764 |
| | **2,738** | **4,055** |

*Factors effecting future current and total tax charges*

The UK corporation tax rate was 19% since 1st April 2017 and rose to 25% for the financial year beginning 1 April 2023.

### 10. Intangible assets

| | Website domain £'000 | Customer relationships and database £'000 | Goodwill £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 July 2022 and 30 June 2023 | 10 | 726 | 29,357 | 30,093 |
| **Accumulated depreciation and impairment** | | | | |
| As at 1 July 2022 and 30 June 2023 | 10 | 726 | 5,932 | 6,668 |
| **Carrying value** | | | | |
| As at 30 June 2023 | - | - | 23,425 | 23,425 |
| As at 30 June 2022 | - | - | 23,425 | 23,425 |

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

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

**11. 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 2022 | 12,400 | 6,973 | 8,737 | 6,299 | 1,888 | 36,297 |
| Additions | 923 | 1,833 | 1,892 | 1,222 | 534 | 6,404 |
| Disposals | (140) | (1,085) | (687) | (445) | (123) | (2,480) |
| Reclassifications | (1) | 24 | (21) | (3) | 1 | - |
| As at 30 June 2023 | 13,182 | 7,745 | 9,921 | 7,073 | 2,300 | 40,221 |
| **Accumulated depreciation and impairment** | | | | | | |
| As at 1 July 2022 | 4,585 | 3,811 | 5,761 | 3,154 | 1,082 | 18,393 |
| Depreciation charge and impairment | 1,323 | 724 | 1,244 | 865 | 519 | 4,675 |
| Disposals | (138) | (760) | (677) | (376) | (116) | (2,067) |
| Reclassifications | | | | | | |
| As at 30 June 2023 | 5,770 | 3,775 | 6,328 | 3,643 | 1,485 | 21,001 |
| **Carrying amount** | | | | | | |
| As at 30 June 2023 | 7,412 | 3,970 | 3,593 | 3,430 | 815 | 19,220 |
| As at 30 June 2022 | 7,815 | 3,162 | 2,976 | 3,145 | 806 | 17,904 |

Leasehold property consists of long leasehold property of £231,000 (2022: £283,000) and short leasehold property of £7,181,000 (2022: £7,532,000).

At 30 June 2023 the company had entered into contractual commitments for the acquisition of property, plant and equipment of £753,000 (2022: £1,202,000).

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

## 12. 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 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 July 2022 | 101,946 | 4,190 | 106,136 |
| New leases entered into or renegotiated | 10,128 | 1,550 | 11,678 |
| As at 30 June 2023 | 112,074 | 5,740 | 117,814 |
| **Accumulated depreciation and impairment** | | | |
| As at 1 July 2022 | 25,130 | 2,866 | 27,996 |
| Depreciation charge | 10,960 | 1,195 | 12,155 |
| Impairment charge | 510 | 30 | 540 |
| As at 30 June 2023 | 36,600 | 4,091 | 40,691 |
| **Carrying amount** | | | |
| As at 30 June 2023 | 75,474 | 1,649 | 77,123 |
| As at 30 June 2022 | 76,816 | 1,324 | 78,140 |

## 13. Stocks

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Raw materials and consumables | 170 | 214 |
| Work in progress | 5,659 | 4,436 |
| Goods held for resale | 430,717 | 245,554 |
| | 436,546 | 250,204 |

## 14. Debtors

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **Amounts falling due within one year:** | | |
| Trade debtors | 85,258 | 63,152 |
| Amount owed by Motus Holdings (UK) Limited | 2,438 | 1,654 |
| Other debtors | 23 | 36 |
| Prepayments and accrued income | 7,990 | 6,253 |
| | 95,709 | 71,095 |
| **Amounts falling due after more than one year:** | | |
| Deferred tax asset (note 15) | 269 | 733 |
| | 95,978 | 71,828 |

The amount owed by Motus Holdings (UK) Limited is non-interest bearing and repayable on demand and falls due within one year.

## 15. 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 30 June 2021 at 19% and 25% (note 14) | 233 | 900 | 68 | 458 | 660 | 2,319 |
| Charge to profit and loss account (note 9) | (112) | (725) | 20 | (109) | (660) | (1,586) |
| Asset as at 30 June 2022 at 19% and 25% (note 14) | 121 | 175 | 88 | 349 | - | 733 |
| Charge to profit and loss account (note 9) | (449) | 104 | (1) | (118) | - | (464) |
| **Asset as at 30 June 2023 at 20.5% and 25% (note 14)** | (328) | 279 | 87 | 231 | - | 269 |

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.

## 16. Cash at bank and in hand

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Cash at bank | 36,952 | 24,797 |
| Cash in hand | 15 | 18 |
| | 36,967 | 24,815 |

The company is a member of a pooled bank arrangement with Motus Holdings (UK) Limited. As at 30 June 2023 and 2022 the bank balances were swept into one account.

## 17. Creditors: amounts falling due within one year

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **External** | | |
| Trade creditors | 497,397 | 275,243 |
| Amounts owed to group undertakings | 92 | 2,470 |
| HP Creditor | 104 | 68 |
| Lease liabilities (note 18) | 8,577 | 8,120 |
| Contract liabilities (note 19) | 2,133 | 2,507 |
| Corporation tax and group relief | 5,166 | 3,847 |
| Other tax and social security | 12,000 | 13,055 |
| Other creditors | 100 | 235 |
| Accruals and deferred income | 29,624 | 25,888 |
| | 555,193 | 331,433 |

Trade creditors include £371,435,000 (2022: £201,724,000) secured by reservation of title on stock.
Amounts owed to group undertakings are non-interest bearing and repayable on demand, all amounts fall due within one year.

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

### 18. Creditors: amounts falling due after more than one year

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| HP Creditor | - | 105 |
| Other loans payable | 87 | 87 |
| Lease liabilities | 71,331 | 73,691 |
| Contract liabilities (note 19) | 1,834 | 1,798 |
| 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 2024 | 5,000 | 15,000 |
| | 78,252 | 90,681 |

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 2023 the amount owed by this company included within trade creditors as disclosed in note 17, to Paccar Financial Services Europe B.V. was £86,004,000 (2022: £63,655,000) and the amount of debt subordinated was £5 million (2022: £5 million).

**Analysis of lease liabilities**

| | 2023<br>£'000 | 2022<br>£'000 |
|---|---|---|
| **Amount due for settlement:** | | |
| Between one and five years | 30,775 | 29,226 |
| After five years | 40,556 | 44,465 |
| | 71,331 | 73,691 |
| On demand or within one year (note 17) | 8,577 | 8,120 |
| | 79,908 | 81,811 |

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

### 19. Contract liabilities

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| **Carrying value** | | |
| As at 1 July | 4,305 | - |
| Movement during the year: | | |
| Reclassification | - | 4,305 |
| Cash flow movement | (338) | - |
| As at 30 June | 3,967 | 4,305 |
| **Maturity profile** | | |
| **Carrying value of contract liability** | | |
| Less than one year | 2,133 | 2,507 |
| More than one year: | | |
| Between one and five years | 1,817 | 1,776 |
| After five years | 17 | 22 |
| | 1,834 | 1,798 |
| Total payable | 3,967 | 4,305 |

In the prior year we reclassified £4.3m from Trade Creditors to Contract liabilities. This value represents the net amounts due under maintenance contract agreements with customers.

### 20. Provisions for liabilities

| | Dilapidation provisions £'000 |
|---|---|
| As at 1 July 2021 | 1,712 |
| Additional provision in the year | 570 |
| Utilisation of provision | - |
| As at 30 June 2022 | 2,282 |
| Additional provision in the year | 1,858 |
| **As at 30 June 2023** | 4,140 |

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.

### 21. Called up share capital

| | 2023 £'000 | 2022 £'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.

**22. Share premium account**

| | £'000 |
|---|---|
| Balance at 30 June 2022 and 30 June 2023 | 554 |

**23. Profit and loss reserve**

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

**24. Dividends**

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Dividends declared and paid on 560,000 ordinary shares of £1 each | 3,000 | - |

On 20th of June 2023 the directors declared an interim dividend of £5.35714 per share, amounting, in total, to £3,000,000. The dividend was paid on the 23rd of June 2023.

**25. Share-based payments**

The Group has offered incentive schemes to select employees whereby participants are entitled to receive Motus shares based on the type and conditions of the scheme. These conditions include achieving financial performance targets, the participant's individual performance and remaining employed with the Group for the entire vesting period.

Participants who resign or are dismissed will forfeit any share appreciation rights (SARs) and conditional share plan (CSP) that have not vested.

The schemes are measured at fair value at the grant date using a Black-Scholes pricing model. When determining the inputs into the pricing model, a combination of publicly available information and senior management assumptions are used. The assumptions are based on experience with previous schemes and the Group's anticipated performance.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimated number of shares, which will eventually vest.

At the end of each financial year, the Group will assess the number of shares it expects to vest based on the current market conditions and the Group's current performance.

Currently, CSPs are the only incentive scheme in effect, with the last unexercised SARs set to expire in the following financial year.

# Notes to the financial statements (continued)
# For the year ended 30 June 2023

## 25 Share-based payments (continued)

### 25.1 Share Appreciation Rights

The selected participants received annual grants of share appreciation rights (SARs), which were conditional rights to receive shares equal to the difference between the Motus share price and the original grant price. All the vesting requirements of the SARs have been met and the eligible participants have the option to take up the rights until the expiration date.

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 2023 is £62,000 (2022: £121,000).

The inputs into the pricing model established at the grant dates, which have not subsequently changed, were as follows:

| | Motus Only | | Motus and Imperial Combined | | | |
|---|---|---|---|---|---|---|
| | SARs 2019 | SARs 2018 | SARs 2017 | SARs 2016 | SARs 2015 | SARs 2014 |
| **Share Appreciation Rights** | | | | | | |
| Volatility (%) | 34.30 | 29.00 | 35.60 | 34.00 | 32.00 | 28.41 |
| Weighted average share price (ZAR) | 72.05 | 89.67 | 152.65 | 127.77 | 174.65 | 193.77 |
| Weighted average exercise price (ZAR) | 72.05 | 89.67 | 152.65 | 127.77 | 174.65 | 193.77 |
| Weighted average fair value (ZAR) | 17.31 | 22.10 | 44.25 | 39.08 | 48.76 | 46.67 |
| Expected life (years) | 4.27 | 4.27 | 4.30 | 4.39 | 4.27 | 4.28 |
| Average risk-free rate (%) | 7.22 | 8.20 | 7.59 | 8.75 | 7.47 | 7.75 |
| Expected dividend yield (%) | 5.50 | 4.50 | 4.00 | 3.75 | 3.50 | 4.34 |

| **Share Appreciation Rights (ZAR)** | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Number of rights Units** | **Average award price (ZAR)** | **Number of rights Units** | **Average award price (ZAR)** |
| **Historical Imperial Share Scheme** | | | | |
| Unexercised rights at the beginning of the year | 29,245 | 174.65 | 61,810 | 175.86 |
| Rights forfeited during the year | - | - | (19,246) | 193.77 |
| Rights exercised during the year | (29,245) | 174.65 | (13,319) | 152.65 |
| **Unexercised rights at the end of the year** | **-** | **-** | **29,245** | **174.65** |
| **Motus Share Scheme** | | | | |
| Unexercised rights at the beginning of the year | 136,415 | 72.05 | 255,345 | 80.26 |
| Rights forfeited during the year | - | - | (18,839) | 89.67 |
| Rights exercised during the year | (136,415) | 72.05 | (100,091) | 89.67 |
| **Unexercised rights at the end of the year** | **-** | **-** | **136,415** | **72.05** |
| **Total unexercised rights at the end of the year** | **-** | **-** | **165,660** | **90.16** |

# Motus Group (UK) Limited

## Notes to the financial statements (continued)
## For the year ended 30 June 2023

### 25. Share-based payments (continued)

#### 25.2 Conditional Share Plan

Select employees have been awarded CSPs which are conditional awards to receive shares subject to the performance and employment conditions being met.

The inputs into the pricing model established at the grant dates, which have not subsequently changed, were as follows:

| | CSPs 2018 | CSPs 2019 | CSPs 2020 | CSPs 2021 3-year | CSPs 2021 4-year | CSPs 2022 |
|---|---|---|---|---|---|---|
| Volatility (%) | 29.00 | 34.30 | 40.00 | - | - | - |
| Weighted average share price (ZAR) | 89.67 | 72.05 | 30.45 | 107.34 | 107.34 | 124.58 |
| Weighted average fair value (ZAR) | 77.60 | 57.15 | 25.52 | 93.78 | 89.66 | 105.12 |
| Expected life (years) | 3.21 | 4.21 | 3.21 | 3.00 | 4.00 | 3.00 |
| Average risk-free rate (%) | 8.20 | 7.22 | 4.15 | - | - | - |
| Expected dividend yield (%) | 4.50 | 5.50 | 5.50 | 4.50 | 4.50 | 5.66 |

There is no weighted average exercise price on the CSPs.

**Details of conditional awards taken up that will vest by year of grant**

| | Remaining number of conditional awards 2023 Units | Remaining number of conditional awards 2022 Units |
|---|---|---|
| CSPs 2020 | 53,538 | 53,538 |
| CSPs 2021 3 – year | 17,366 | 17,366 |
| CSPs 2021 4 – year | 11,578 | 11,578 |
| CSPs 2022 | 13,931 | - |
| **Total unexercised rights at the end of the year** | **96,413** | **82,482** |

### 26. Contingent liabilities

The company has guaranteed the bank overdraft of its parent company, Motus Holdings (UK) Limited. At 30 June 2023 Motus Holdings (UK) Limited had a positive bank balance of £8,669,651 (2022: £182,840). As of 30 June 2023, Motus Holdings (UK) Limited held deposits outside the bank pooling arrangement of £64,110 (2022: £3,117).

## 27. Related party transactions

*Related parties with which the company has transacted*

During the year Rob Truscott, a director of Motus Group (UK) Limited, purchased a vehicle from the Pentagon Motors division for £25,000.

During the year Gareth Kaye, a member of key management, purchased a vehicle from the Pentagon Motors division for £12,000.

During the year the vehicle of the wife of David Peel, a director of Motus Group (UK) Limited, was serviced by the company.

All transactions were conducted at arms-length using market prices.

## 28. 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** | |
|---|---|---|
| | **2023** | **2022** |
| | **£'000** | **£'000** |
| Amounts payable under operating leases: | | |
| Within one year | 1,442 | 1,423 |
| Between one and five years | 57 | 21 |
| | 1,499 | 1,444 |

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

## 29. 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 £5,179,000 (2022: £4,987,000). As at 30 June 2023 outstanding contributions owed to the schemes were £554,000 (2022: £440,000).

## 30. Post balance sheet events

There are no events subsequent to the year-end that require disclosure.

## 31. 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.