

Motability Enterprises Limited
Annual Report and Financial Statements
for the Year Ended 31 March 2020

Registered Company No: 1786053



Motability Enterprises Limited
Annual Report and Financial Statements
for the year ended 31 March 2020

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**Motability Enterprises Limited
for the year ended 31 March 2020
Legal and Administrative Information**

Constitution

Motability Enterprises Limited is a company limited by shares and registered under the Companies Act 2006 (Registered number 1786053) incorporated in England and Wales. Motability Enterprises Limited is a wholly owned subsidiary of Motability, a registered Charity (Registered number 299745).

Directors

The directors, who served throughout the year and until the date of this report, were as follows:

G Parker

P Atkinson (Resigned 29 July 2019)

Dr S Duckworth OBE (Non Executive)

Barry Le Grys MBE (Appointed 30 July 2019)

Company Secretary

A Gadhia

Registered Office

Warwick House, Roydon Road, Harlow, Essex, CM19 5PX

Auditor

Deloitte LLP, Statutory Auditor, 1 New Street Square, London, EC4A 3BZ

Bankers

Barclays Bank plc, Harlow Business Centre, Harlow, Essex, CM20 1ET

Solicitors

Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH

Motability Enterprises Limited for the year ended 31 March 2020

Directors' Report

The directors, as noted on page 3, present their annual report and the audited financial statements for the year ended 31 March 2020.

This directors' report has been prepared in accordance with the provisions applicable to the small companies' regime including the exemption from preparing a strategic report.

Principal Activities and Business Review

The company's principal activities continue to provide trading activities on behalf of its parent undertaking, Motability. The one employee of Motability Enterprises Ltd is employed on a joint contract with Motability, and has been able to work from home during Covid-19.

Results

The financial statements for the company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

The Statement of Income and Retained Earnings is set out on page 8. Turnover was £467,002 (2019: £540,186). No dividend is proposed (2019: £Nil) as all taxable profits are payable under Deed of Covenant.

The turnover received from Trading Contracts for Insurance Affinity Programmes provide a solid foundation for future sustainable income. Home Insurance continues to perform well with 94% of commission income relating to Home Insurance policy renewals in 2019-20.

The Contract for Pet Insurance was terminated in January 2019, and £36,400 of the total turnover reduction for the year of £73,184, is attributable to the termination of the Pet Insurance Contract. New travel insurance sales have generally been affected by a reduction in marketing channels available, and the uncertainty that was building about overseas travel towards the end of the financial year. A full suspension of activity commenced across all affinity channels in March 2020 as a result of Covid-19. With ongoing uncertainties about overseas travel restrictions and ever changing local rules, in order to avoid any potential sensitivities we have put on hold our original plans to introduce Scheme customers to travel insurance through Lifestyle magazine and emails. The market situation will be re-considered during Q3 2020.

Cost of Sales increased to £36,200 (2019: £32,819) due to an increase in insurance consultancy costs.

Going Concern

As discussed in the results section above, the focus on continuing the trading activities has continued to deliver sustainable income from Affinity Insurance Products. It is anticipated that the income received from the Travel Insurance contract will continue to be impacted by worldwide travel restrictions and the cancellation of policies in relation to Covid-19. Travel insurance income only accounts for 2% of this year's total income. A reduction in turnover may result in a lower than usual gift aid payment to Motability going forward. For further details on going concern, see note 1, based on the Directors' review of forecasts they consider that the company will be a going concern for at least 12 months from the date of signing.

Directors' Responsibilities Statement

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

**Motability Enterprises Limited
for the year ended 31 March 2020**

Directors' Report (continued)

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;
- 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.

Auditors

A resolution to reappoint Deloitte LLP as auditor for the ensuing year will be proposed by Motability Enterprises Limited at their forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Barry Le Grys MBE
Director
Warwick House, Roydon Road
Harlow, Essex, CM19 5PX

DATE : 30 July 2020

Motability Enterprises Limited
for the year ended 31 March 2020

Independent Auditors' Report to The Members of Motability Enterprises Limited

Opinion

In our opinion the financial statements of Motability Enterprises Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Motability Enterprises Limited
for the year ended 31 March 2020**

Independent Auditors' Report to The Members of Motability Enterprises Limited (continued)

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

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.



Reza Motazed FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date : 30 July 2020

Motability Enterprises Limited
Statement of Income and Retained Earnings
for the year ended 31 March 2020

	Notes	2020 £	2019 £
Turnover	2	467,002	540,186
Cost of Sales	3	<u>(36,200)</u>	<u>(32,819)</u>
Gross Profit		430,802	507,367
Administration Expenses	4	<u>(98,162)</u>	<u>(117,562)</u>
Operating Profit		332,640	389,805
Interest Receivable		<u>1,859</u>	<u>1,661</u>
Profit before taxation	5	<u>334,499</u>	<u>391,466</u>
Tax on profit		-	-
Profit for the financial year attributable to the equity shareholder of the company		<u>334,499</u>	<u>391,466</u>
Retained earnings brought forward		<u>14,476</u>	<u>14,476</u>
Distribution – donation to Motability		<u>(334,499)</u>	<u>(391,466)</u>
Retained earnings carried forward		<u>14,476</u>	<u>14,476</u>

The company has no recognised gains or losses, or other changes other than those shown above. Accordingly no statement of comprehensive income or separate statement of changes in equity has been presented.
The notes on pages 10 to 15 form an integral part of these accounts.

Motability Enterprises Limited
Balance Sheet
as at 31 March 2020

	Notes	2020 £	2019 £
Current Assets			
Debtors	7	56,251	24,153
Cash at Bank and in hand		<u>305,874</u>	<u>410,933</u>
		362,125	435,086
Creditors: Amounts falling due within one year	8	<u>(347,549)</u>	<u>(420,510)</u>
Net Current Assets		<u>14,576</u>	<u>14,576</u>
Capital and Reserve			
Called up share capital	9	100	100
Profit and Loss account		<u>14,476</u>	<u>14,476</u>
Shareholders' funds		<u>14,576</u>	<u>14,576</u>

The financial statements of Motability Enterprises Limited, registered number 1786053, were approved and authorised for issue by the Board of Directors on 30 July 2020.

These accounts have been prepared in accordance with the special provisions relating to small companies under part 15 of the Companies Act 2006.

The notes on pages 10 to 15 form an integral part of these accounts.

Signed on behalf of the Board of Directors on 30 July 2020



Barry Le Grys MBE
Director

Motability Enterprises Limited
Notes to the Financial Statements
for the year ended 31 March 2020

1 Accounting Policies

Going Concern

The company's business activities are set out in the directors' report. As highlighted on the balance sheet the company has positive cash balances with which to meet its day to day working capital requirements.

The financial plans of Motability Enterprises Limited, covering the period of not less than 12 months from signing the financial statements, have been reviewed in detail, in particular the value of future Affinity Insurance Products. The Directors have considered the uncertainties that the current environment brings, and this has been reflected in management forecasts and considerations on page 4. On this basis, we believe that the going concern assumption continues to be appropriate for at least 12 months from the date of signing, and that we have a sound financial basis on which to build for the future.

Based on the information set out above, the directors believe that it is appropriate to prepare these financial statements on the going concern basis.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

The company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements.

The company is consolidated in the financial statements of its parent, Motability, and is part of a public benefit group, please see note 12 for details. Exemptions have been taken in relation to the presentation of a statement of cash flows and related parties.

The functional currency of Motability Enterprises Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Turnover

Turnover is stated exclusive of trade discounts, VAT and other taxes based on income and is accounted for on a receivable basis. All turnover arises in the UK.

Motability Enterprises Limited
Notes to the Financial Statements
for the year ended 31 March 2020

Accounting Policies (Continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The Company only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1, we are required to make judgements, 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.

We do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

Motability Enterprises Limited
Notes to the Financial Statements
for the year ended 31 March 2020

	2020 £	2019 £
2 Turnover		
Trading Contracts (all derived in UK)	459,037	540,186
Other Activities	7,965	-
Turnover	<u>467,002</u>	<u>540,186</u>

The contract for Pet Insurance was terminated in January 2019.

	2020 £	2019 £
3 Cost of Sales		
Trading Contracts	36,200	32,819
Cost of Sales	<u>36,200</u>	<u>32,819</u>

4 Staff Numbers and Administration Expenses

No director received any emoluments during the year in their capacity as a director (2019: £Nil)

During the year one director was employed in the Affinity & Projects directorate of Motability and their employment contract is jointly with Motability Enterprises Limited (MEL) and Motability, the parent undertaking. Motability pays all of the emoluments for these employee. The details of total emoluments and pension contributions are included in the accounts of Motability, note 6. These accounts can be obtained from Motability at the address on page 3.

The administration expenses include a salary recharge from Motability of £76,937 (2019 : £87,381) plus MEL overhead costs of £21,226 (2019 : £30,181)

Motability Enterprises Limited
Notes to the Financial Statements
for the year ended 31 March 2020

	2020	2019
	£	£

5 Profit on Ordinary Activities before Taxation and Gift Aid Payments

The profit on ordinary activities before taxation and gift aid payments is stated after charging:
Auditor's remuneration:

Fees payable to the Company's auditor for the audit of the Company's Accounts	7,250	7,240
Fees payable to the Company's auditor for Other Services - Tax Advice	1,800	4,065
	<u>9,050</u>	<u>11,305</u>

6 Taxation on ordinary activities

The company has not incurred a tax charge for the year due to its policy of paying taxable profits to Motability under Deed of Covenant each year.

	2020	2019
	£	£
Value Added Tax	-	1,836
Due from Motability	-	9,040
Other Debtors	52,990	9,484
Accrued income and prepayments	3,261	3,793
	<u>56,251</u>	<u>24,153</u>

Motability Enterprises Limited**Notes to the Financial Statements
for the year ended 31 March 2020****8 Creditors: Amounts Falling Due Within One Year**

	2020	2019
	£	£
Trade Creditors	-	(7,102)
Accruals and deferred income	13,050	11,617
Due to Motability	334,499	398,567
	<u>347,549</u>	<u>403,082</u>

9 Called up Share Capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid; 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10 Future Commitments

The company has undertaken to use the income generated from its activities to provide funds to Motability under Gift Aid by Deed of Covenant.

Motability Enterprises Limited
Notes to the Financial Statements
for the year ended 31 March 2020

11 Holding Company

The ultimate controlling party is Motability, a charity registered in England and Wales No. 299745, and registered under the Charities Act 2011, which is the only group company to prepare consolidated accounts. Copies of the consolidated financial statements are available from The Secretary, Motability, at the registered office address noted on page 3.

Motability is a national charity (charity registration no. 299745), established with all-party parliamentary support in 1977 and incorporated by Royal Charter. Its purpose is to help disabled people with their personal mobility through the Motability Scheme.

12 Related Parties

In accordance with FRS102 Section 33, the company is exempt from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.