

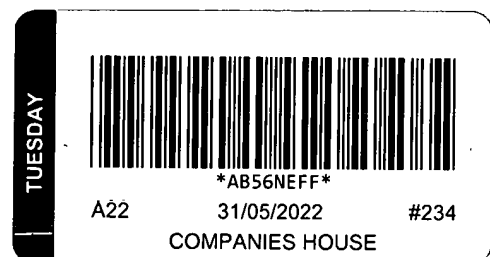
Motorplus Limited

Annual Report and Financial Statements

Year Ended

31 May 2021

Company Number 03092837



Motorplus Limited

Company Information

Directors	G Pulford A Bennett J Blyth
Registered number	03092837
Registered office	Speed Medical House Eaton Avenue Buckshaw Village Chorley Lancashire PR7 7NA
Trading address	Norfolk Tower 48 - 52 Surrey Street Norwich NR1 3PA
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

Motorplus Limited

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Motorplus Limited

Strategic Report For the year ended 31 May 2021

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 May 2021.

Principal activities and business review

The principal activities of the Company are the wholesaling of insurance products and the provision of claims handling services to the broker and insurer markets.

Motorplus offers a tailored, innovative claims management solution 24 hours a day, 365 days a year coupled with the company's high standard of customer service. The company focuses on its mission to give an excellent claims handling service with maximum efficiency making Motorplus an obvious choice for the customer.

The loss before taxation was £395,099 (2020 loss - £3,145,553).

The results for the year ended 31 May 2021 show that turnover dropped by £3,113,401 in total compared to a decrease of £5,215,677 in year ended 31 May 2020. Gross profit margins have increased from 6.7% to 12.1% in year ended 31 May 2021. Other operating income of £Nil (2020 - £5,000) arose following settlement of a claim against a panel firm of solicitors.

The Company's activities were particularly badly affected by the onset of the Covid-19 pandemic and the onset of restrictions brought about by the initial "lockdown" from March 2020 and subsequent periods of varying disruption to normal and commercial life. Road traffic volumes dropped materially. Some months, particularly in the early part of the financial year, saw reductions of up to 60% and as a consequence so did the level of road traffic accidents. This led to a material reduction in income levels throughout the financial year, whilst the associated cost of sales hardly fell, resulting in significant losses from this part of the Company's activities. Some of this reduction in gross profit was mitigated via use of the furlough scheme, enabling the Company to retain highly trained and experienced staff whilst not incurring the associated cost. However, the reduced volumes of road traffic accidents and other claims led to inefficiencies in the businesses operations overall.

In July 2019 the Company's previous supplier/underwriter of many of its non-motor related insurance products that are wholesaled to insurance brokers and the like gave notice of its withdrawal from providing these policies. It also introduced material price increases during the 6 month run off period. The Company was successful in negotiating new terms with an alternative provider but suffered period of losses in the year ended 31 May 2020. The rates agreed with the new provider mean that the losses ceased, and the business has successfully returned to gross profit within insurance product supply throughout year ended 31 May 2021.

Against a background of reduced trading activity, precipitated by the Covid-19 pandemic, the business was successful in controlling its overheads. Arrangements were successfully made for staff to work remotely and the high level quality service was retained for customers. Administrative expenses reduced by £418,879 compared to year ended 31 May 2020, mainly as a result of realigning the number of staff required whilst still maintain the high levels of service.

Key performance indicators

Key performance indicators ('KPIs') used to monitor and manage the company's performance are set out below:

Number of policy sales 2,970,149 (2020 - 2,719,948)

The number of policy sales in the current period is 2,970,149 compared to 2,719,948 in 2020 which is an annualised increase of 9% predominantly relating to motor policy sales.

Number of claims handled 52,542 (2020 - 89,248)

The number of claims in the current period is 52,542 compared to 89,248 in 2020. The number of annualised claims has decreased by 41% with the majority of the decrease coming from motor claims.

Motorplus Limited

Strategic Report (continued) For the year ended 31 May 2021

Principal risks and uncertainties

The Company's objective is to manage appropriately all of the risks that arise from its activities. Risk management is a fundamental part of the Company business activity and is an essential component in its planning process. Risk oversight and ownership sits with the board of directors who regularly review the key risks. The change to wholesaling legal expense insurance policies on a commission basis, rather than on a risk basis has substantially reduced the ongoing risk profile of the business.

Regulatory risk

The company is regulated by the Financial Conduct Authority ("FCA") and as such is exposed to regulatory compliance risk.

Additional risks

The Company faces operational risks facing the company include errors and omissions, failing of business planning and IT security.

Financial risk management

The Company's operations expose it to a variety of financial risks that include liquidity risk and interest rate cash flow risk. The Company has in place a risk management program that seeks to limit adverse effect on the financial performance of the Company. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the company's finance department.

Liquidity risk

The Company retains sufficient cash to ensure it has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Company has interest bearing assets and liabilities. Interest bearing assets include only cash balances, which earn interest at a floating rate. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Motorplus Limited

Strategic Report (continued) For the year ended 31 May 2021

Future developments and events since the year end

Whiplash reforms - On 31 May 2021 the government made changes to the claims process for low value road traffic accident (RTA) related personal injury claims, the majority of which are 'whiplash claims'. The reforms apply to claims arising from an RTA valued at less than £5,000. These changes meant that the level of compensation payable was significantly reduced and claimants now have the opportunity to settle these small claims online without the need to go to court or for legal representation. These changes have seen a material reduction in the propensity for injured parties to claim and the income that the company can attain when they introduce services to the injured party. As a result of these changes the company decided to not renew its contracts with its two largest customers for provision of these First Notification of Loss Services in February and March 2022.

The cessation of these contracts will see revenues fall substantially in the final months of year ended 31 May 2022 and even more so into the next financial year. However, the contracts were loss making and as such, after reorganisation and staff reductions, these losses will reduce.

This report was approved by the board on 31 May 2022 and signed on its behalf.



G Pulford
Director

Motorplus Limited

Directors' Report For the year ended 31 May 2021

The Directors present their report and the audited financial statements for the year ended 31 May 2021.

Business review

A review of the business and its principal risks and uncertainties is set out in the Strategic Report on pages 1 to 3 of these financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £351,149 (2020 - loss £3,060,142).

The Company did not pay any dividends during the period (2020 - £Nil). The Directors do not recommend payment of a final dividend.

Directors

The Directors who served during the year were:

G Pulford

J Tripp (resigned 31 December 2020)

A Bennett (appointed 15 March 2021, resigned 31 December 2020)

J Blyth (appointed 15 March 2021)

Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and cash collection profile together with other means of managing cash outflows, show that the Company has sufficient resources and facilities to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis. These forecasts and projections have taken into account the cessation of the provision of First Notification of Loss services to the businesses two largest customers for that type of activity. The contracts were loss making and there has been substantial reductions in overheads.

These forecasts and projections have been stress tested for reasonably worst case downside scenarios. On the basis of the flexed budgets it is anticipated that financial support from the Company's parent company will be required and that the Directors have received assurances that this funding will be made available. As part of the going concern assessment, the associated Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the Group which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date, as disclosed in note 23, if this would be detrimental to the Company. The Company currently does not have any bank borrowing or such facilities.

Whilst noting the contingent asset (note 20) the Directors have not factored this matter into their assessment.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Motorplus Limited

Directors' Report (continued) For the year ended 31 May 2021

Qualifying third party indemnity provision

During the preceding period, current year and up-to the date of signing these financial statements, the Company had in force an indemnity provision in favour of the Directors of Motorplus Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act are commented upon in the Strategic Report as the Directors consider them to be of strategic importance to the Company.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **31 May 2022** and signed on its behalf.



G Pulford
Director

Motorplus Limited

Directors' Responsibilities Statement For the year ended 31 May 2021

The Directors are responsible for preparing the Strategic Report, the Directors' 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). 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; 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 to 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.

Motorplus Limited

Independent Auditor's report to the members of Motorplus Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Motorplus Limited ("the Company") for the year ended 31 May 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusion's relating to going concern

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

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

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

Motorplus Limited

Independent Auditor's report to the members of Motorplus Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Director's 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. 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.

Other Companies Act 2006 reporting

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report 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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Motorplus Limited

Independent Auditor's report to the members of Motorplus 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.

Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Company's accounting policies, the financial reporting framework and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition in relation to year end cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing a sample of journal entries, in particular any journal entries posted meeting certain specific criteria;
- Testing a sample of revenue recognised either side of the period end to ensure revenue had been recognised in the correct period;
- Challenging assumptions, accounting estimates and judgements made by the Directors;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Motorplus Limited

Independent Auditor's report to the members of Motorplus Limited (continued)

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:

Julien Rye

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Julien Rye (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester

United Kingdom

31 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Motorplus Limited

Statement of Comprehensive Income For the year ended 31 May 2021

	Note	2021 £	2020 £
Turnover	4	10,330,840	13,444,241
Cost of sales		(9,637,220)	(14,743,786)
Gross profit/(loss)		693,620	(1,299,545)
Administrative expenses		(1,770,643)	(2,213,371)
Other operating income	5	681,385	362,775
Operating loss	6	(395,638)	(3,150,141)
Interest receivable and similar income		539	5,028
Interest payable and similar expenses		-	(440)
Loss before tax		(395,099)	(3,145,553)
Tax on loss	10	43,950	85,411
Loss for the financial year		(351,149)	(3,060,142)

There was no other comprehensive income in the current or prior period.

The notes on pages 14 to 28 form part of these financial statements.

Motorplus Limited
Registered number: 03092837

Statement of Financial Position
As at 31 May 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	75,065	132,225
		<u>75,065</u>	<u>132,225</u>
Current assets			
Debtors: amounts falling due within one year	13	4,681,068	4,256,143
Cash at bank and in hand		156,473	698,599
		<u>4,837,541</u>	<u>4,954,742</u>
Creditors: amounts falling due within one year	14	(4,558,484)	(4,028,820)
Net current assets		<u>279,057</u>	<u>925,922</u>
Total assets less current liabilities		<u>354,122</u>	<u>1,058,147</u>
Provisions for liabilities			
Deferred tax	15	(11,561)	(17,647)
Other provisions	16	(1,579,051)	(1,925,841)
		<u>(1,590,612)</u>	<u>(1,943,488)</u>
Net liabilities		<u>(1,236,490)</u>	<u>(885,341)</u>
Capital and reserves			
Called up share capital	17	25,000	25,000
Profit and loss account	18	(1,261,490)	(910,341)
Total deficit		<u>(1,236,490)</u>	<u>(885,341)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

31 May 2022



G Pulford
Director

The notes on pages 14 to 28 form part of these financial statements.

Motorplus Limited

Statement of Changes in Equity For the year ended 31 May 2021

	Called up share capital £	Profit and loss account £	Total deficit £
At 1 June 2020	25,000	(910,341)	(885,341)
Comprehensive expense for the year			
Loss for the year	-	(351,149)	(351,149)
Total comprehensive income for the year	-	(351,149)	(351,149)
At 31 May 2021	25,000	(1,261,490)	(1,236,490)

Statement of Changes in Equity For the period ended 31 May 2020

	Called up share capital £	Profit and loss account £	Total deficit £
At 1 June 2019	25,000	2,149,801	2,174,801
Comprehensive expense for the year			
Loss for the year	-	(3,060,142)	(3,060,142)
Total comprehensive expense for the year	-	(3,060,142)	(3,060,142)
At 31 May 2020	25,000	(910,341)	(885,341)

The notes on pages 14 to 28 form part of these financial statements.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

1. General information

Motorplus Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is Pound Sterling. All amounts presented are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of 116 Cardamon Limited as at 31 May 2021 and these financial statements may be obtained from Speed Medical House, 16 Eaton Avenue, Chorley, Lancashire, PR7 7NA.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

2. Accounting policies (continued)

2.3 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and cash collection profile together with other means of managing cash outflows, show that the Company has sufficient resources and facilities to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis. These forecasts and projections have taken into account the cessation of the provision of First Notification of Loss services to the businesses two largest customers for that type of activity. The contracts were loss making and there has been substantial reductions in overheads.

These forecasts and projections have been stress tested for reasonably worst case downside scenarios. On the basis of the flexed budgets it is anticipated that financial support from the Company's parent company will be required and that the Directors have received assurances that this funding will be made available. As part of the going concern assessment, the associated Group has issued a letter of support for a period of twelve months from the date of approval of these financial statements to the Group which includes both making funds available if required and not to seek repayment of amounts due at the balance sheet date, as disclosed in note 23, if this would be detrimental to the Company. The Company currently does not have any bank borrowing or such facilities.

Whilst noting the contingent asset (note 20) the Directors have not factored this matter into their assessment.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

2.4 Turnover

Turnover represents premium commissions earned on the sale of insurance policies and claims handling fees. For products which Motorplus wholesales as a broker, the revenue recognised is the net commission.

Premium income

For insurance policies where the Company does not bear the underwriting risk, premiums are recognised as turnover when due from the customer.

Referral income

Referral income is recognised when the performance obligation is complete and the revenue can be reliably measured.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

2. Accounting policies (continued)

2.6 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.7 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It has been amortised to the profit and loss account over its estimated economic life.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	20% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

2. Accounting policies (continued)

2.12 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Government grants

Other operating income relates to Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

2. Accounting policies (continued)

2.17 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors 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. 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 and key sources of estimation uncertainty in applying the Company's accounting policies:

Claims provision valuation

Judgement is required on the adequacy of claims provisioning on risk products held. The Company makes provisions for liabilities using best estimate techniques in particular based on experience of claims and reliable measurement information. The provision has increased in the year as higher claims have been experienced which the directors attribute to the business activity being in run off.

Insurance policy cancellation rates

Judgement is required on the adequacy of the insurance policy cancellation provision. The Company makes provisions for cancelled policies using reliable past source data and communicating closely with policy underwriters for quantification of open policies at the Statement of Financial Position date.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

4. Turnover

Turnover consists of sales made relating to the principal activities of the Company in the United Kingdom.

5. Other operating income

	2021 £	2020 £
Other operating income	-	5,000
Government grants receivable	681,385	357,775
Total	681,385	362,775

Other operating income relates to compensation received following the settlement of a claim against a former panel solicitor practice.

Government grants receivable relates to amounts received under the Coronavirus Job Retention Scheme in respect of furloughed employees.

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation	69,984	85,086
Other operating lease rentals	146,909	196,592

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,000	22,055

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	4,187,594	4,762,181
Social security costs	377,333	410,733
Cost of defined contribution scheme	84,671	120,638
	<u>4,649,598</u>	<u>5,293,552</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Head office	36	45
Production, selling and distribution	134	152
	<u>170</u>	<u>197</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	283,870	299,498
Company contributions to defined contribution pension schemes	12,285	12,000
	<u>296,155</u>	<u>311,498</u>

During the year retirement benefits were accruing to 4 Director (2020 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £121,741 (2020 - £179,498).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £3,300 (2020 - £12,000).

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	(37,864)	(85,672)
Total current tax	<u>(37,864)</u>	<u>(85,672)</u>
Deferred tax		
Origination and reversal of timing differences	(62,726)	(4,745)
Adjustments in respect of prior periods	38,811	2,649
Effect of tax rate change	17,829	2,357
Total deferred tax	<u>(6,086)</u>	<u>261</u>
Taxation on loss	<u>(43,950)</u>	<u>(85,411)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss before tax	<u>(395,099)</u>	<u>(3,145,553)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(75,069)	(597,655)
Effects of:		
Fixed asset differences	13	18
Expenses not deductible for tax purposes	438	2,050
Adjustments to tax charge in respect of prior periods	(37,864)	(85,672)
Losses carried back	-	61,423
Adjustments to deferred tax charge in respect of prior periods	38,811	2,649
Deferred tax not recognised	201,685	528,974
Remeasurement of deferred tax for changes in tax rates	(172,584)	2,357
Other permanent differences	620	445
Total tax charge for the year	<u>(43,950)</u>	<u>(85,411)</u>

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

10. Taxation (continued)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 31 May 2021 has been calculated based on the rate as at the Statement of Financial Position date.

11. Intangible assets

	Goodwill £
Cost	
At 1 June 2020	1,250,000
At 31 May 2021	<u>1,250,000</u>
Amortisation	
At 1 June 2020	1,250,000
At 31 May 2021	<u>1,250,000</u>
Net book value	
At 31 May 2021	<u>-</u>
At 31 May 2020	<u>-</u>

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

12. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 June 2020	1,616,670
Additions	12,824
At 31 May 2021	<u>1,629,494</u>
Depreciation	
At 1 June 2020	1,484,445
Charge for the year	69,984
At 31 May 2021	<u>1,554,429</u>
Net book value	
At 31 May 2021	<u>75,065</u>
At 31 May 2020	<u>132,225</u>

13. Debtors: Amounts falling due within one year

	2021 £	2020 £
Trade debtors	1,977,516	1,071,851
Amounts owed by group undertakings	1,376,338	1,376,338
Prepayments and accrued income	1,306,938	1,807,954
Corporation tax recoverable	20,276	-
	<u>4,681,068</u>	<u>4,256,143</u>

Amounts owed by group undertakings are repayable on demand and interest free.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,702,422	1,528,966
Amounts owed to related parties	1,175,000	1,252,010
Corporation tax	-	17,589
Other taxation and social security	979,552	874,140
Other creditors	56,397	135,412
Accruals and deferred income	645,113	220,703
	<u>4,558,484</u>	<u>4,028,820</u>

Amounts owed to related parties are repayable on demand and interest free.

15. Deferred taxation

	2021 £
At beginning of year	17,647
Credited to profit or loss	(6,086)
At end of year	<u>11,561</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	14,318	20,991
Short term timing differences	(2,757)	(3,344)
	<u>11,561</u>	<u>17,647</u>

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

16. Provisions

	Claims provision £
At 1 June 2020	1,925,841
Settled in the year	(346,790)
At 31 May 2021	1,579,051

The claims provision is an estimation of the costs arising from claims outstanding at the year end in respect of which the Company has the intention to settle. The ultimate liability is dependent on the level of claims currently notified and claims that are yet to be notified.

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
25,000 (2020 - 25,000) Ordinary shares of £1.00 each	25,000	25,000

18. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

19. Client balances

At the Statement of Financial Position date, the Company held client money of £7,527 (2020 - £10,077). Neither the asset nor corresponding liability are recognised in the financial statements because the Company does not retain the risks and rewards of ownership.

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

20. Contingent asset

The Company ceased its trading relationship with its 2 largest First Notification of Loss customers in February and March 2022. Following a review of the contract in respect of one of these customers it was noted that the supplier had not charged VAT on their sales invoices, having since contract inception believed that the services were exempt supplies under Item 4, Group 2, Schedule 9 VAT Act 1994.

Having taken legal advice from leading VAT Counsel, it is the Directors considered opinion that these services were in fact purchases that should have had VAT applied by the supplier. Furthermore, the contractual position is considered to be one whereby the monies paid by Motorplus to the supplier were inclusive of VAT. As such, because the company has not been supplied with a VAT invoice it has not been able to recover the input VAT on those purchases.

The Directors have undertaken a review of the past historical position and have ascertained that, should input VAT be able to be reclaimed, then there would be an amount of up to c.£5.4million due from HMRC.

The Directors intend to commence procedures to further this claim in the next VAT return.

This contingent asset has not been recognised within the trading results for the year ended 31 May 2021 or any prior periods.

21. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in trustee administered funds. The charge for the period was £84,671 (2020 - £120,638). At 31 May 2021, there were pension contributions payable of £11,028 (2020 - £42,542).

22. Commitments under operating leases

At 31 May 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	90,301	144,231
Later than 1 year and not later than 5 years	4,127	86,652
	<u>94,428</u>	<u>230,883</u>

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

23. Related party transactions

The Company has taken advantage of the exemption conferred by section 33.1A of FRS 102 and has not disclosed transactions with 116 Cardamon Limited and its subsidiaries.

Dr Rajnish Luthra

Dr Rajnish Luthra is the ultimate controlling party by virtue of his majority shareholding in the Company's ultimate parent company, 116 Cardamon Limited. During the period, Dr Rajnish Luthra received a salary of £5,600 (2020 - £6,767).

Speed Medical Examination Services Limited

Speed Medical Examination Services Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there is an amount due to Speed Medical Examination Services Limited of £6,150 (2020 - £950,000), and an amount owed from Speed Medical Examination Services Limited of £39,606 (2020 - £Nil). Sales in the year to Speed Medical Examination Services Limited were £251,502 (2020 - £484,830) and purchases in the year from Speed Medical Examination Services Limited were £9,222 (2020 - £Nil).

Medical Legal Appointments Limited

Medical Legal Appointments Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there is an amount due from Medical Legal Appointments Limited of £1,944 (2020 - £Nil). Sales in the year to Medical Legal Appointments Limited were £19,926 (2020 - £75,555).

FL 360 Limited

FL 360 Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there was an amount owed to FL 360 Limited of £450,762 (2020 - £259,831), and an amount owed from FL 360 Limited of £2,139 (2020 - £Nil). Purchases in the year from FL 360 Limited were £240,000 (2020 - £259,831).

Handl Communication Limited

Handl Communication Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there was an amount owed to Handl Communication Limited of £42,179 (2020 - £42,179) and an amount owed from Handl Communication Limited of £2,497. Purchases in the year from Handl Communication Limited were £Nil (2020 - £42,404).

Corpore Limited

Corpore Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there was an amount owed to Corpore Limited of £17,915 (2020 - £Nil). Purchases in the year from Corpore Limited were £66,188 (2020 - £Nil).

Mind Right Limited

Mind Right Limited is a related party by virtue of common directorship and ultimate controlling ownership. At the year end there was an amount owed by Mind Right Limited of £1,868 (2020 - £Nil). Sales in the year from Mind Right Limited were £1,868 (2020 - £Nil).

Motorplus Limited

Notes to the Financial Statements For the year ended 31 May 2021

24. Controlling party

The immediate parent company, and ultimate controlling parent, is 116 Cardamon Limited, a company incorporated in England and Wales. The registered address of 116 Cardamon Limited is Speed Medical House 16 Eaton Avenue, Matrix Park, Chorley, Lancashire, PR7 7NA.

The smallest and largest group in which the Company's results are consolidated is that headed by 116 Cardamon Limited. The consolidated accounts of this company are available to the public and may be obtained from the company's registered address, as set out above. No other group accounts include the results of the Company.

The ultimate controlling party was Dr Rajnish Luthra by virtue of his shareholding in 116 Cardamon Limited.