

Motorpoint Group PLC FY20 Unaudited Interim Results

28 November 2019

Motorpoint Group PLC
("Motorpoint", the "Company" or the "Group")

Interim Results

Resilient H1 performance

Motorpoint, the largest independent vehicle retailer in the UK, today announces its unaudited interim results for the six months ended 30 September 2019 (FY20 H1).

Financial highlights (post IFRS 16⁽¹⁾)

- Revenue increased 1.0% to £533.9m (FY19 H1: £528.6m).
- Operating expenses up by £(1.7)m, of which approximately half is non-recurring.
- EBITDA⁽²⁾ down (12.4)% to £13.4m (FY19 H1: £15.3m).
- Profit before taxation down (18.3)% to £9.4m (FY19 H1: £11.5m).
- Basic earnings per share decreased (14.0)% to 8.0p (FY19 H1: 9.3p).
- Cash flow from operations conversion⁽³⁾ of 233% (FY19 H1: 129%).
- Interim dividend declared up 4.0% to 2.6p (FY19 H1: 2.5p).
- The above numbers include the impact of full retrospective implementation of IFRS16, being a PBT reduction of £(0.3)m in FY20 H1 and £(0.4)m in FY19 H1.

Operational highlights

- Improved Net Promoter Score at every site, achieving overall score of 81% for the period.
- High level of repeat customers, at 29.5% of total customers, in line with prior year.
- 10-acre preparation centre in Peterborough completed and fully operational.
- Material improvement in stock days through process improvements, supporting strong operating cash conversion.
- Swansea site development on track for opening in FY20 Q4.
- Senior team bolstered by appointment of Chief Operating Officer and Chief Technology Officer.
- Pilot of Home Delivery started with encouraging early results.
- Market share growth delivered at every site.

(1) The financial highlights are stated after applying IFRS 16. Refer to Note 19 for restatement adjustments.

(2) Calculated as Operating profit adding back depreciation.

(3) Cash generated from operations/operating profit.

Mark Carpenter, Chief Executive Officer of Motorpoint Group PLC commented:

"Against a challenging environment, the Group has delivered a resilient trading performance, underpinned by revenue growth and robust cash generation. Group profit was impacted by increased overheads, which were approximately £2m higher than the comparable period last year. Half of this increase will be non-recurring following process changes implemented in the period.

"The first half of the year has seen significant growth in our market share despite ongoing market disruption, with the political situation leading to another period of lacklustre consumer confidence. Specifically, within the used car market, the early summer months was also a period of unusually high pressure on margins.

"We have seen significant success in improving our processes around the preparation of our vehicles, including through the recruitment of a new COO and the opening of our dedicated 10-acre Preparation Facility in Peterborough. This has already driven down our stock days further, releasing working capital back into cashflow. Our investment in our proprietary IT systems also continued with the recent appointment of a CTO to drive further progress.

"Opening plans for our next site, in Swansea, are well progressed and we anticipate launching this new 5-acre site in our financial Q4. We are in advanced discussions on several further sites and expect to be able to provide an update in the coming months.

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“Current trading is consistent with achieving management’s full year expectations, albeit with a greater weighting towards H2, however potential outcomes from the Government’s Brexit negotiations could influence our future performance in unpredictable ways.

“We believe our unrivalled choice of nearly new vehicles and ongoing dedication to Choice, Value and Service positions us strongly to take advantage of any market disruption, as has been evidenced in the period by our growing market share.”

A meeting for analysts will be held at 09:30am today at the offices of FTI Consulting, 200 Aldersgate, London, EC1A 4HD.

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Notes to editors

Motorpoint is the largest independent vehicle retailer in the United Kingdom. The Group's principal business is the sale of nearly-new vehicles, the majority of which are up to two years old and which have covered less than 15,000 miles. Motorpoint sells vehicles from brands representing over 95 per cent of new vehicle sales in the United Kingdom, with models from Ford, Vauxhall, Volkswagen, Nissan, Hyundai, Audi and BMW being amongst the top sellers. The Group operates from 12 retail sites across the United Kingdom; Derby, Burnley, Glasgow, Newport, Peterborough, Chingford, Birmingham, Widnes, Birtley, Castleford, Oldbury and Sheffield of which five have opened in the last five years; together with a national contact-centre dealing with online enquiries.

More information is available at www.motorpointplc.com and www.motorpoint.co.uk.

Cautionary Statement

This announcement contains unaudited information and forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward looking statements. Motorpoint undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

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FINANCIAL REVIEW

These interim results are the first accounts prepared under IFRS 16, the new financial reporting standard on accounting for leases. All comparative figures have been restated for IFRS 16 and the standard has been applied fully retrospectively. Further detail on this can be found in Note 19.

The Key Performance Indicators for the Group for the current period and comparative periods are outlined below.

Group KPI (post IFRS 16)	6 months to 30 September 2019	6 months to 30 September 2018 (restated)	Change
Revenue	£533.9m	£528.6m	+1.0%
Gross profit	£40.2m	£40.5m	-0.7%
Operating profit	£11.1m	£13.1m	-15.3%
Gross Margin to operating expenses ⁽¹⁾ ratio	138%	148%	-10 pp
Profit Before Tax	£9.4m	£11.5m	-18.3%
Cash flow from operations	£25.9m	£16.9m	+53.3%
Cash flow from operations conversion ⁽²⁾	233%	129%	+104 pp
EBITDA ⁽³⁾	£13.4m	£15.3m	-12.4%
Basic Earnings per Share (p) ⁽⁴⁾	8.0	9.3	-14.0%
Number of sites	12	12	-

(1) Calculated as Gross profit / (Operating expenses).

(2) Calculated as cash flow from operations divided by operating profit.

(3) Calculated as Operating profit adding back depreciation.

(4) Calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue at the reporting date.

The Group generated strong cash flow from operations of £25.9m, equating to a Cash flow from Operations conversion of 233%, supported by a material improvement in stock days for the period.

The Group's banking facilities include a £20m facility provided by Santander UK PLC which was undrawn as at the reporting date. As at 30 September 2019, the Group was supported by stocking facilities provided by Lombard of £20m and Black Horse Limited of £75m of which £66.1m was drawn.

OPERATIONAL REVIEW

Motorpoint's operations are delivered through its estate of retail sites and its Motorpoint.co.uk and Auction4Cars.com websites, supported by a dedicated contact centre. The Group's strategy is threefold; (i) to grow in its local markets (ii) to increase nationwide sales through the contact centre, and (iii) to open new sites to continue the expansion to new markets around the UK.

Four of our sites, Birtley, Castleford, Oldbury and Sheffield, have opened in the last four years. These new sites continue to mature in line with our expectations with all but the newest site achieving a positive contribution in the period. Our medium-term target remains to open at least 20 sites in the UK and we continue to evaluate opportunities for our next retail site locations, with a pipeline of new site options at various stages of progress. Our 13th site, in Swansea, is due to open in early calendar year 2020. We are in advanced discussions on several further sites and expect to be able to provide an update in the coming months.

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The preparation centre in Peterborough, a dedicated 10-acre facility, opened in September 2019 and is now fully operational. This facility is already freeing up prime retail space at the Peterborough retail site and has also begun to support other Motorpoint retail sites.

DRIVING DREAMS

All of Team Motorpoint, regardless of role, is focused on a common goal, to drive dreams for our three key stakeholders: our employees; our customers; and our shareholders. Our vision and supporting business plans are aligned to this but what really brings the virtuous circle to life is the way in which we do things. All of our actions are underpinned by a common mind-set, our behaviours and our values of being proud, supportive, honest and happy.

Our values are our DNA and we are immensely proud of them. They epitomise what Motorpoint is about and are a very powerful tool in driving our engagement and performance levels.

TEAM

We champion employee engagement and believe that by ensuring our values are part of our everyday activity across the business, we will be successful in motivating and empowering our employees. This in turn will result in continual improvement in the customer experience that we deliver.

The senior team has been strengthened in the period through the addition of a Chief Operating Officer and a Chief Technology Officer. These new roles have been created to support the growth within the organisation, adding expertise and focus on further developing key business operations.

To support our team engagement, we continue to offer a number of share schemes including an annual Performance Share Plan for senior staff, a Share Incentive Plan and an annual Sharesave scheme.

CUSTOMERS

The second part of the Virtuous Circle focuses on the customer and our vision to be the Car Buyers' Champion, by offering unrivalled Choice, Value and Service.

Our key measures of service are NPS (Net Promoter Score) and our Feefo and Google ratings, and to ensure our level of customer service is appropriate all commissions and bonus schemes throughout the business are tied to customer satisfaction.

Metric	6 months to 30 September 2019	12 months to 31 March 2019	6 months to 30 September 2018
NPS	81%	78%	74%
Feefo	4.5/5	4.5/5	4.5/5
Google	4.6/5	4.6/5	4.6/5

Customer satisfaction in the current period returns to previously high levels following a dip in the same period in the prior year. This reflects the positive result of the fundamental operational changes made following that point and demonstrates our ability to react to customer demands to ensure they receive the optimum experience.

Our focus on the customer experience is evidenced by maintaining our record-breaking level of repeat business, which held at 29.5% of total customers, in line with the same period of FY19.

The Company's branding has been refreshed to reflect the results of customer engagement surveys performed, ensuring the continuing relevance of our marketing proposition.

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DIVIDEND

The Group is declaring an interim dividend of 2.6p per share in respect of FY20 (FY19: 2.5p). The interim dividend for FY20 will be paid on 13 March 2020 for those shares recorded on 7 February 2020. Motorpoint offers its shareholders the opportunity to invest their dividend in a Dividend Reinvestment Plan (DRIP). Key dates for the dividend are:

6 February 2020	Ordinary shares quoted ex-dividend
7 February 2020	Record date
21 February 2020	Final date for receipt of DRIP applications
13 March 2020	Interim dividend payment date

RECENT MARKET TRENDS

Motorpoint's core proposition is the sale of nearly new cars, the vast majority of which are up to two years old and have covered fewer than 15,000 miles.

The Group monitors available market statistics, notably from the SMMT, which provides transaction volumes for 0-3 year-old cars but does not include recorded mileage. We therefore use the transaction volumes alone as a proxy for our available market.

We continue to predicate our business model on being relevant in a breadth of economic conditions. Despite the current uncertain market conditions and a challenging consumer environment, we continue to believe that where consumer confidence is unsettled, there will be increasing pressure on the weaker players in the market, allowing Motorpoint to win market share through a continued focus on Choice, Value and Service.

OUTLOOK

Current trading is consistent with achieving management's full year expectations, albeit with a greater weighting towards H2, however potential outcomes from the Government's Brexit negotiations could influence our future performance in unpredictable ways.

We believe our unrivalled choice of nearly new vehicles and ongoing dedication to Choice, Value and Service positions us strongly to take advantage of any market disruption, as has been evidenced in the period by our growing market share.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FY20 UNAUDITED INTERIM RESULTS

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current Directors and their biographies is maintained on the Motorpoint Group PLC website www.motorpointplc.com

By order of the Board

Mark Carpenter
Chief Executive Officer
28 November 2019

James Gilmour
Chief Financial Officer
28 November 2019

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Condensed Consolidated Income Statement

For the six months ended 30 September 2019

		Unaudited Six Months ended 30 September 2019	Unaudited Six Months ended 30 September 2018 (restated ¹)	Unaudited Year ended 31 March 2019 (restated ¹)
	Note	£m	£m	£m
Revenue	5	533.9	528.6	1,058.7
Cost of sales		(493.7)	(488.1)	(978.8)
Gross profit		40.2	40.5	79.9
Operating expenses		(29.1)	(27.4)	(54.4)
Operating profit		11.1	13.1	25.5
Finance costs	6	(1.7)	(1.6)	(3.3)
Profit before taxation		9.4	11.5	22.2
Taxation	7	(1.9)	(2.3)	(4.5)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent		7.5	9.2	17.7
Earnings per share				
Basic	9	8.0p	9.3p	18.1p
Diluted	9	7.9p	9.3p	18.0p

The Company's activities all derive from continuing operations.

The Company has no other comprehensive income. Total comprehensive income for the period/year is equal to the profit for the financial period/year and is all attributable to the shareholders of the Company.

¹ Refer to Note 19 for restatement adjustments

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Condensed Consolidated Balance Sheet

As at 30 September 2019

	Note	30 September 2019 (unaudited) £m	30 September 2018 (unaudited) (restated ¹) £m	31 March 2019 (unaudited) (restated ¹) £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	13.8	7.5	8.3
Right-of-use assets	11	41.7	44.2	42.6
Deferred tax assets		1.6	1.5	1.5
Total non-current assets		57.1	53.2	52.4
Current assets				
Inventories		82.1	93.2	116.2
Trade and other receivables	12	8.1	10.8	13.0
Cash and cash equivalents		10.3	14.9	13.8
Total current assets		100.5	118.9	143.0
TOTAL ASSETS		157.6	172.1	195.4
LIABILITIES				
Current liabilities				
Lease liabilities	13	(2.0)	(1.5)	(1.2)
Trade and other payables	14	(92.1)	(93.7)	(117.9)
Contract liabilities		(0.8)	(2.5)	(1.4)
Current tax liabilities		-	(2.5)	(2.1)
Total current liabilities		(94.9)	(100.2)	(122.6)
NET CURRENT ASSETS		5.6	18.7	20.4
Non-current liabilities				
Lease liabilities	13	(43.5)	(46.5)	(45.0)
Trade and other payables	14	(1.7)	(1.6)	(1.6)
Contract liabilities		(0.1)	(0.9)	(0.2)
Total non-current liabilities		(45.3)	(49.0)	(46.8)
TOTAL LIABILITIES		(140.2)	(149.2)	(169.4)
NET ASSETS		17.4	22.9	26.0
EQUITY				
Share capital		0.9	1.0	1.0
Capital reorganisation reserve		(0.8)	(0.8)	(0.8)
Retained earnings		17.3	22.7	25.8
TOTAL EQUITY		17.4	22.9	26.0

The 31 March 2019 and 30 September 2018 Balance Sheets have been restated to reflect the impact of IFRS 16 'Leases' (refer to Note 1 and 19).

¹ Refer to Note 19 for restatement adjustments

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Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

Six Months Ended 30 September 2019 (Unaudited)

	Note	Share capital £m	Retained earnings £m	Reorganisation Reserve £m	Capital Total equity £m
At 1 April 2019		1.0	25.8	(0.8)	26.0
Profit and total comprehensive income for the period		-	7.5	-	7.5
IFRS 2 Share Based Payment		-	(0.2)	-	(0.2)
Buy back and cancellation of shares		(0.1)	(11.1)	-	(11.2)
Final dividend for the year ended 31 March 2019	8	-	(4.7)	-	(4.7)
At 30 September 2019		0.9	17.3	(0.8)	17.4

Six Months Ended 30 September 2018 (Unaudited) (restated)

	Note	Share capital £m	Retained earnings £m	Reorganisation Reserve £m	Capital Total equity £m
At 1 April 2018		1.0	23.8	(0.8)	24.0
Profit and total comprehensive income for the period		-	9.2	-	9.2
Buy back and cancellation of shares		-	(5.8)	-	(5.8)
Final dividend for the year ended 31 March 2018	8	-	(4.5)	-	(4.5)
At 30 September 2018		1.0	22.7	(0.8)	22.9

Year Ended 31 March 2019 (Unaudited) (restated)

	Note	Share capital £m	Retained earnings £m	Reorganisation Reserve £m	Capital Total equity £m
At 1 April 2018		1.0	23.8	(0.8)	24.0
Profit and total comprehensive income for the year		-	17.7	-	17.7
Buy back and cancellation of shares		-	(8.8)	-	(8.8)
Final dividend for the year ended 31 March 2018		-	(4.5)	-	(4.5)
Interim dividend for the year ended 31 March 2019	8	-	(2.4)	-	(2.4)
At 31 March 2019		1.0	25.8	(0.8)	26.0

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Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2019

	Note	Unaudited Six Months ended 30 September 2019 £m	Unaudited Six Months ended 30 September 2018 (restated ¹) £m	Unaudited Year ended 31 March 2019 (restated ¹) £m
Cash flows from operating activities				
Cash generated from operations	15	25.9	16.9	28.7
Interest paid		(1.7)	(1.6)	(3.3)
Income tax paid		(4.2)	(1.9)	(4.5)
Net cash generated from operating activities		20.0	13.4	20.9
Cash flows from investing activities				
Purchases of property, plant and equipment		(6.2)	(2.7)	(4.2)
Net cash used in investing activities		(6.2)	(2.7)	(4.2)
Cash flows from financing activities				
Principal elements of lease payments		(1.4)	(1.1)	(2.8)
Dividends	8	(4.7)	(4.5)	(6.9)
Payments to acquire own shares		(11.2)	(5.8)	(8.8)
Net cash used in financing activities		(17.3)	(11.4)	(18.5)
Net (decrease)/ increase in cash and cash equivalents		(3.5)	(0.7)	(1.8)
Cash and cash equivalents at the beginning of the period		13.8	15.6	15.6
Cash and cash equivalents at end of period/year		10.3	14.9	13.8
Net cash and cash equivalents comprises:				
Cash at bank		10.3	14.9	13.8

The notes form an integral part of these Condensed Consolidated Interim Financial Statements.

¹ Refer to Note 19 for restatement adjustments

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NOTES TO THE SET OF FINANCIAL INFORMATION

1. Basis of Preparation

Motorpoint Group PLC ('the Company') is incorporated and domiciled in the UK. The address of the registered office is Chartwell Drive, West Meadows Industrial Estate, Derby, DE21 6BZ. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 September 2019 comprise the Company and its subsidiaries, together referred to as the "Group".

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements. The Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2019 are unaudited but have been reviewed by the auditors.

New accounting standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

The Group applies, for the first time, IFRS 16 "Leases". The nature and effect of this change is disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim consolidated financial statements of the Group.

IFRS 16 is effective for all accounting periods beginning on or after 1 April 2019. The Group applied IFRS 16 retrospectively, restating prior year comparatives. It applied the practical expedient to grandfather the definition of a lease on transition and apply the recognition exemption for both short term and low value assets.

Revised accounting policies for IFRS 16 are detailed below.

Where a lease is identified the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as assets with a value deemed to be insignificant, comprised of small items of office equipment).

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate. The incremental borrowing rate is determined based on a series of inputs including the risk free rate based on government bond rates in addition to specific adjustments for risk and security. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Break and extension options are included in leases to provide operational flexibility should the economic outlook for an asset be different to expectations, and hence at commencement of the lease, break or extension options are not typically considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

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NOTES TO THE SET OF FINANCIAL INFORMATION

1. Basis of preparation (continued)

New accounting standards, interpretations and amendments adopted by the Group (continued)

The lease liability is presented as a separate line in the Consolidated Balance Sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – re-measurement

The lease liability is re-measured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

When the lease liability is re-measured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any dilapidation or removal costs, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The present value of these costs are included in the related right-of-use asset.

The right-of-use asset is presented as a separate line in the Balance Sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

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NOTES TO THE SET OF FINANCIAL INFORMATION

1. Basis of preparation (continued)

New accounting standards, interpretations and amendments adopted by the Group (continued)

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 Group has not used this practical expedient.

Short term leases and low value assets

For these leases, the Group 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.

2. Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. The financial information included does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ('the Act') and do not include all the information required for full annual financial statements. Accordingly, they should be read in conjunction with the Annual Report and Financial Statements of Motorpoint Group PLC for the year ended 31 March 2019 which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These condensed consolidated interim financial statements were approved by the Board of Directors on 28 November 2019.

3. Significant Accounting Policies

The same accounting policies, presentation and methods of computation which were followed in the preparation of the Annual Report and Financial Statements for Motorpoint Group PLC for the period ended 31 March 2019 have been applied to these Condensed Consolidated Interim Financial Statements where applicable. The accounting policies and details of new standards adopted in the year ended 31 March 2019 are listed in the Motorpoint Group PLC Annual Report and Financial Statements on pages 69-75. The accounting policies and details of new standards adopted in the six months ended 30 September 2019 are disclosed in Note 19.

4. Comparative Figures

The comparative figures for the financial year ended 31 March 2019 are extracted from the Motorpoint Group PLC Annual Report and Financial Statements for that financial year other than where restated for the impact of applying IFRS 16. The accounts, prior to the restatement for the impact of IFRS 16, have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Act.

The comparative figures for the six month period ended 30 September 2018 are as reported in the prior year other than where restated and were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

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5. Segment Reporting and Revenue

The Company's reportable operating segment is considered to be the United Kingdom operations. The Company's chief operating decision maker is considered to be the Board of Directors.

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type have been met.

The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

(i) Sales of motor vehicles

Revenue from sale of motor vehicles is recognised when the control has passed, that is, when the vehicle has been collected by the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle.

(ii) Sales of motor related services and commissions

Motor related services sales include commissions on finance introductions, extended guarantees and vehicle asset protection as well as the sale of paint protection products. Sales of paint protection products are recognised when the control has passed, that is, the product is supplied to the customer.

Vehicle extended guarantees where the Group is contractually responsible for future claims are accounted for by deferring the guarantee income received along with direct selling costs and then releasing the income on a straight-line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the income statement as incurred. The Group has not sold any of these policies in the current or prior period but continues to release income in relation to legacy sales.

Vehicle extended guarantees and asset protection (gap insurance) where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis. Under IFRS 15, the assessment will be based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

Motorpoint Group PLC FY20 Unaudited Interim Results

5. Segment Reporting and Revenue (continued)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of motor vehicles	The Group sells nearly new vehicles to retail customers. Revenue is recognised at the point the vehicle is collected by the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product. The Group sells vehicles acquired through retail customer trade-ins to trade customers through their website auction4cars. Vehicles do not leave the premises until they are paid for in full and therefore the revenue and the profit are recognised at the point of sale. The satisfaction of the performance obligation occurs on collection of the vehicle.
Sales of motor related services and commissions	The Group receives commissions when it arranges finance and insurance packages for its customers to purchase its products and services, acting as agent on behalf of a limited number of finance and insurance companies. Any commission earned is recognised when the customer draws down the finance or commences the insurance policy typically in the month after the finance is drawn down. The Group offered an Extended Guarantee for either 12 or 24 months, which commenced from the end of the manufacturer's warranty period. The revenue is deferred until the start of the policy period, and then released on a straight-line basis over the policy term. Any directly attributable costs from the sale (e.g. sales commission) are also deferred and released over the same period. Customer claims are taken to the Income Statement as they are incurred during the policy term.

	Six Months ended 30 September 2019 £m	Six Months ended 30 September 2018 £m	Year ended 31 March 2019 £m
Revenue from sale of motor vehicles	508.3	505.1	1,009.5
Revenue from motor related services and commissions	24.9	21.8	45.7
Revenue recognised that was included in the contract liability balance at the beginning of the period – Extended guarantee income	0.7	1.7	3.5
Total Revenue	533.9	528.6	1,058.7

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6. Finance Cost

	Six Months ended 30 September 2019 £m	Six Months ended 30 September 2018 (restated) £m	Year ended 31 March 2019 (restated) £m
Interest on bank borrowings	-	-	0.1
Interest on stocking finance facilities	0.8	0.8	1.6
Other interest payable	0.9	0.8	1.6
Total finance costs	1.7	1.6	3.3

7. Taxation

The tax charge for the period is provided at the effective rate of 20% (FY19 H1: 20%) representing the best estimate of the average annual tax rate for the full year profit.

8. Dividends

	Six Months ended 30 September 2019 £m	Six Months ended 30 September 2018 £m	Year ended 31 March 2019 £m
Final dividend for the year ended 31 March 2018	-	4.5	4.5
Interim dividend for the year ended 31 March 2019	-	-	2.4
Final dividend for the year ended 31 March 2019	4.7	-	-
Total dividends	4.7	4.5	6.9

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9. Earnings per Share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares at the end of the period.

	Six Months ended 30 September 2019	Six Months ended 30 September 2018 (restated)	Year ended 31 March 2019 (restated)
Profit Attributable to Ordinary Shareholders (£m)	7.5	9.2	17.7
Weighted average number of ordinary shares in Issue ('000)	94,385	98,937	97,924
Basic Earnings per share (pence)	8.0	9.3	18.1
Diluted Number of Shares in Issue ('000)	94,750	99,272	98,116
Diluted Earnings per share (pence)	7.9	9.3	18.0

	Six Months ended 30 September 2019 (excluding impact of IFRS 16)	Six Months ended 30 September 2018 (excluding impact of IFRS 16)	Year ended 31 March 2019 (excluding impact of IFRS 16)
Profit Attributable to Ordinary Shareholders (£m)	7.8	9.5	18.3
Weighted average number of ordinary shares in Issue ('000)	94,385	98,937	97,924
Basic Earnings per share (pence)	8.3	9.6	18.7
Diluted Number of Shares in Issue ('000)	94,750	99,272	98,116
Diluted Earnings per share (pence)	8.2	9.6	18.7

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the SAYE scheme. This is shown below.

The shares for the SIP scheme were purchased ahead of issue and the PSP has performance criteria which have not been met as at the date of these interim financial statements so the options are not yet dilutive. Those shares for PSP that have met the criteria are considered dilutive.

	Six Months ended 30 September 2019	Six Months ended 30 September 2018	Year ended 31 March 2019
Weighted average number of ordinary shares in Issue ('000)	94,385	98,937	97,924
Adjustment for share options ('000)	365	335	192
Weighted average number of ordinary shares for diluted earnings per share ('000)	94,750	99,272	98,116

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10. Property, plant and equipment

	WIP £m	Land £m	Freehold property £m	Short term leasehold improvement £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Total £m
At 1 April 2019								
Cost	2.5	1.7	-	6.3	1.3	1.1	2.6	15.5
Accumulated depreciation	-	-	-	(3.4)	(0.9)	(0.7)	(2.2)	(7.2)
Net book value	2.5	1.7	-	2.9	0.4	0.4	0.4	8.3
Opening net book value	2.5	1.7	-	2.9	0.4	0.4	0.4	8.3
Additions	0.7	5.0	-	0.3	0.1	-	0.1	6.2
Transfers	(2.5)	-	2.5	-	-	-	-	-
Depreciation	-	-	-	(0.4)	(0.1)	(0.1)	(0.1)	(0.7)
Closing net book value	0.7	6.7	2.5	2.8	0.4	0.3	0.4	13.8
At 30 September 2019								
Cost	0.7	6.7	2.5	6.6	1.4	1.1	2.7	21.7
Accumulated depreciation	-	-	-	(3.8)	(1.0)	(0.8)	(2.3)	(7.9)
Net book value	0.7	6.7	2.5	2.8	0.4	0.3	0.4	13.8

11. Right of use assets

	Six Months ended 30 September 2019 £m	Six Months ended 30 September 2018 (restated) £m	Year ended 31 March 2019 (restated) £m
Right of use assets			
Balance brought forward	42.6	45.8	45.8
Additions	0.7	-	-
Depreciation charge	(1.6)	(1.6)	(3.2)
	41.7	44.2	42.6

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12. Trade and other receivables

	30 September 2019	30 September 2018 (restated)	31 March 2019 (restated)
	£m	£m	£m
Due within one year			
Trade receivables	4.2	6.6	8.6
Other receivables	0.3	0.2	0.5
Current tax asset	0.2	-	-
Prepayments	2.2	2.7	1.4
Accrued income	1.2	1.3	2.5
	8.1	10.8	13.0

The Directors' assessment is that the fair value of trade and other receivables is equal to the carrying value.

13. Lease liabilities

	Six Months ended 30 September 2019	Six Months ended 30 September 2018 (restated)	Year ended 31 March 2019 (restated)
	£m	£m	£m
Lease liabilities			
Current	(2.0)	(1.5)	(1.2)
Non-current	(43.5)	(46.5)	(45.0)
	(45.5)	(48.0)	(46.2)

14. Trade and other payables

Due less than 1 year

	30 September 2019	30 September 2018 (restated)	31 March 2019 (restated)
	£m	£m	£m
Trade payables			
- Trade creditors	6.5	8.8	17.4
- Stocking finance facilities	66.1	65.4	82.2
Other taxes and social security			
- VAT payable	4.4	4.7	0.9
- PAYE/NI payable	0.7	0.6	0.8
Accruals	14.4	14.1	16.6
	92.1	93.6	117.9

The Directors' assessment is that the fair value of trade and other payables is equal to the carrying value.

Motorpoint Group PLC FY20 Unaudited Interim Results

14. Trade and other payables (continued)

Due over 1 year

	30 September 2019 £m	30 September 2018 (restated) £m	31 March 2019 (restated) £m
Provisions	1.7	1.6	1.6
	1.7	1.6	1.6

The Directors' assessment is that the fair value of trade and other payables is equal to the carrying value.

15. Cash flow from operations

	Six Months ended 30 September 2019 £m	Six Months ended 30 September 2018 (restated) £m	Year ended 31 March 2019 (restated) £m
Profit for the year, attributable to equity shareholders	7.5	9.2	17.7
Adjustments for:			
Taxation charge	1.9	2.3	4.5
Finance costs	1.7	1.6	3.3
Operating profit	11.1	13.1	25.5
Share Based Compensation Charge	(0.2)	-	-
Depreciation charge	2.3	2.2	4.5
<i>Cash flow from operations before movements in working capital</i>	13.2	15.3	30.0
Decrease/(Increase) in inventory	34.1	10.8	(12.2)
Decrease/(Increase) in trade and other receivables	5.1	1.5	(0.7)
(Decrease)/Increase in trade and other payables	(26.5)	(10.7)	11.6
Cash generated from operations	25.9	16.9	28.7

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16. Share buybacks

Movements in the issued share capital during the period are shown in the table below:

	30 September 2019 Shares '000	30 September 2019 £m	31 March 2019 Shares '000	31 March 2019 £m
Shares in issue at start of period / year	96,166	1.0	100,154	1.0
Brought back and cancelled	(5,361)	(0.1)	(3,988)	-
Brought back and held as treasury shares	(5)	-	(4)	-
Released from treasury to satisfy employee share plan obligations	5	-	4	-
Shares in issue at end of period / year	90,805	0.9	96,166	1.0

The total cost of shares purchased for cancellation as shown in the Statement of Changes in Equity was £11.2m (FY19 H1: £5.8m).

17. Related Parties

During the period ended 30 September 2019 rental payments totaling £0.7m (FY19 H1: £1.1m) were due to Shoby Properties Limited, a related party and none of this was outstanding as at the 30 September 2019 (FY19 H1: £nil).

18. Risks and uncertainties

There are certain risk factors which could result in the actual results of the Group differing materially from expected results. These factors include: failure to deliver on choice, value and service, a negative implication to the Motorpoint brand and customer perception, inability to maintain relationships with suppliers, fluctuation on exchange rate having an impact on vehicle pricing, economic conditions impacting trading, market driven fluctuations in vehicle values, litigation and regulatory risk, failure of Group information and systems, availability of credit and vehicle financing.

All other principal risks are consistent with those detailed in the Motorpoint Group PLC Annual Report and Financial Statements. The Board continually reviews the risk factors which could impact on the Group achieving its expected results and confirm that the above principal factors will remain relevant for the final six months of the Financial Year ended 31 March 2020.

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies

		Unaudited Six Months ended 30 September 2019 (excluding impact of IFRS 16)	Adjustments on adoption of IFRS 16	Unaudited Six Months ended 30 September 2019
	Note	£m	£m	£m
Revenue	5	533.9	-	533.9
Cost of sales		(493.7)	-	(493.7)
Gross profit		40.2	-	40.2
Operating expenses		(29.6)	0.5	(29.1)
Operating profit		10.6	0.5	11.1
Finance costs	6	(0.9)	(0.8)	(1.7)
Profit before taxation		9.7	(0.3)	9.4
Taxation	7	(1.9)	-	(1.9)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent		7.8	(0.3)	7.5
Earnings per share				
Basic	9	8.3p	(0.3)p	8.0p
Diluted	9	8.2p	(0.3)p	7.9p

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

		Unaudited Six Months ended 30 September 2018 (excluding impact of IFRS 16)	Adjustments on adoption of IFRS 16	Unaudited Six Months ended 30 September 2018 (restated)
	Note	£m	£m	£m
Revenue	5	528.6	-	528.6
Cost of sales		(488.1)	-	(488.1)
Gross profit		40.5	-	40.5
Operating expenses		(27.8)	0.4	(27.4)
Operating profit		12.7	0.4	13.1
Finance costs	6	(0.8)	(0.8)	(1.6)
Profit before taxation		11.9	(0.4)	11.5
Taxation	7	(2.4)	0.1	(2.3)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent		9.5	(0.3)	9.2
Earnings per share				
Basic	9	9.6p	(0.3)p	9.3p
Diluted	9	9.6p	(0.3)p	9.3p

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

		Audited year ended 31 March 2019 (excluding impact of IFRS 16) £m	Adjustments on adoption of IFRS 16 £m	Unaudited year ended 31 March 2019 (restated) £m
	Note			
Revenue	5	1,058.7	-	1,058.7
Cost of sales		(978.8)	-	(978.8)
Gross profit		79.9	-	79.9
Operating expenses		(55.3)	0.9	(54.4)
Operating profit		24.6	0.9	25.5
Finance costs	6	(1.7)	(1.6)	(3.3)
Profit before taxation		22.9	(0.7)	22.2
Taxation	7	(4.6)	0.1	(4.5)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent		18.3	(0.6)	17.7
Earnings per share				
Basic	9	18.7p	(0.6)p	18.1p
Diluted	9	18.7p	(0.7)p	18.0p

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

	Note	30 September 2019 (unaudited) (excluding impact of IFRS 16) £m	Adjustments on adoption of IFRS 16 £m	30 September 2019 (unaudited) £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	13.8	-	13.8
Right-of-use assets	11	-	41.7	41.7
Deferred tax asset		0.5	1.1	1.6
Total non-current assets		14.3	42.8	57.1
Current assets				
Inventories		82.1	-	82.1
Trade and other receivables	12	9.1	(1.0)	8.1
Cash and cash equivalents		10.3	-	10.3
Total current assets		101.5	(1.0)	100.5
TOTAL ASSETS		115.8	41.8	157.6
LIABILITIES				
Current liabilities				
Lease liabilities	13	-	(2.0)	(2.0)
Trade and other payables	14	(94.2)	2.1	(92.1)
Contract liabilities		(0.8)	-	(0.8)
Current tax liabilities		-	-	-
Total current liabilities		(95.0)	0.1	(94.9)
NET CURRENT ASSETS		6.5	(0.9)	5.6
Non-current liabilities				
Lease liabilities	13	-	(43.5)	(43.5)
Trade and other payables	14	-	(1.7)	(1.7)
Contract liabilities		(0.1)	-	(0.1)
Total non-current liabilities		(0.1)	(45.2)	(45.3)
TOTAL LIABILITIES		(95.1)	(45.1)	(140.2)
NET ASSETS		20.7	(3.3)	17.4
EQUITY				
Share capital		0.9	-	0.9
Capital reorganisation reserve		(0.8)	-	(0.8)
Retained earnings		20.6	(3.3)	17.3
TOTAL EQUITY		20.7	(3.3)	17.4

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

	Note	30 September 2018 (unaudited) (excluding impact of IFRS 16) £m	Adjustments on adoption of IFRS 16 £m	30 September 2018 (unaudited and restated) £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	7.5	-	7.5
Right-of-use assets	11	-	44.2	44.2
Deferred tax asset		0.5	1.0	1.5
Total non-current assets		8.0	45.2	53.2
Current assets				
Inventories		93.2	-	93.2
Trade and other receivables	12	11.3	(0.5)	10.8
Cash and cash equivalents		14.9	-	14.9
Total current assets		119.4	(0.5)	118.9
TOTAL ASSETS		127.4	44.7	172.1
LIABILITIES				
Current liabilities				
Lease liabilities	13	-	(1.5)	(1.5)
Trade and other payables	14	(95.9)	2.2	(93.7)
Contract liabilities		(2.5)	-	(2.5)
Current tax liabilities		(2.5)	-	(2.5)
Total current liabilities		(100.9)	0.7	(100.2)
NET CURRENT ASSETS		18.5	0.2	18.7
Non-current liabilities				
Lease liabilities	13	-	(46.5)	(46.5)
Trade and other payables	14	-	(1.6)	(1.6)
Contract liabilities		(0.9)	-	(0.9)
Total non-current liabilities		(0.9)	(48.1)	(49.0)
TOTAL LIABILITIES		(101.8)	(47.4)	(149.2)
NET ASSETS		25.6	(2.7)	22.9
EQUITY				
Share capital		1.0	-	1.0
Capital reorganisation reserve		(0.8)	-	(0.8)
Retained earnings		25.4	(2.7)	22.7
TOTAL EQUITY		25.6	(2.7)	22.9

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

	Note	31 March 2019 (audited) (excluding impact of IFRS 16) £m	Adjustments on adoption of IFRS 16 £m	31 March 2019 (unaudited and restated) £m
ASSETS				
Non-current assets				
Property, plant and equipment	10	8.3	-	8.3
Right-of-use assets	11	-	42.6	42.6
Deferred tax asset		0.5	1.0	1.5
Total non-current assets		8.8	43.6	52.4
Current assets				
Inventories		116.2	-	116.2
Trade and other receivables	12	13.9	(0.9)	13.0
Cash and cash equivalents		13.8	-	13.8
Total current assets		143.9	(0.9)	143.0
TOTAL ASSETS		152.7	42.7	195.4
LIABILITIES				
Current liabilities				
Lease liabilities	13	-	(1.2)	(1.2)
Trade and other payables	14	(120.0)	2.1	(117.9)
Contract liabilities		(1.4)	-	(1.4)
Current tax liabilities		(2.1)	-	(2.1)
Total current liabilities		(123.5)	0.9	(122.6)
NET CURRENT ASSETS		20.4	-	20.4
Non-current liabilities				
Lease liabilities	13	-	(45.0)	(45.0)
Trade and other payables	14	-	(1.6)	(1.6)
Contract liabilities		(0.2)	-	(0.2)
Total non-current liabilities		(0.2)	(46.6)	(46.8)
TOTAL LIABILITIES		(123.7)	(45.7)	(169.4)
NET ASSETS		29.0	(3.0)	26.0
EQUITY				
Share capital		1.0	-	1.0
Capital reorganisation reserve		(0.8)	-	(0.8)
Retained earnings		28.8	(3.0)	25.8
TOTAL EQUITY		29.0	(3.0)	26.0

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

(i) Income Statement

Under the previous accounting standard for leases, IAS 17, lease costs were recognised on straight line basis over the term of the lease. The Group recognised these costs within administration costs.

On adoption of IFRS 16 these costs have been removed and replaced with costs calculated on an IFRS 16 basis. The impact of removing these costs on the September 2019 Income Statement was £2.2m (2018: £2.1m).

Under IFRS 16 the right-of-use asset is depreciated over the lease term. The Group has recognised the depreciation costs on the right-of-use asset in administration costs. The impact of this adjustment in the September 2019 Income Statement was £1.6m (2018: £1.6m).

The costs under IAS 17 were higher than the depreciation costs recognised under IFRS 16 which has resulted in a net credit under IFRS 16 to administration costs. The net impact of this adjustment in the September 2019 Income Statement was £0.5m (2018: £0.4m).

Under IFRS 16 Finance costs are charged on the lease liability recognised. These costs are recognised within finance costs. The impact of this adjustment on the September 2019 Income Statement was £0.8m (2018: £0.8m).

The net impact of the above adjustments to the September 2019 profit before tax was £0.3m (2018: £0.4m).

(ii) Right-of-use Asset

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

(iii) Lease liability

IFRS 16 has resulted in the recognition of a lease liability. This liability represents the Group's contractual obligation to minimum lease payments during the lease term.

The element of the liability payable in next 12 months is recognised as a current liability with the balance recognised in non-current liabilities.

(iv) Working capital

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

(v) Taxation

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

Motorpoint Group PLC FY20 Unaudited Interim Results

19. Changes in accounting policies (continued)

(vi) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Motorpoint Group PLC FY20 Unaudited Interim Results

Independent review report to Motorpoint Group PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Motorpoint Group PLC's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the FY20 Unaudited Interim Results of Motorpoint Group PLC for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2019;
- the Condensed Consolidated Income Statement for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the FY20 Unaudited Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The FY20 Unaudited Interim Results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the FY20 Unaudited Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the FY20 Unaudited Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Motorpoint Group PLC FY20 Unaudited Interim Results

Independent review report to Motorpoint Group PLC (Continued)

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the FY20 Unaudited Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
East Midlands
28 November 2019

- a) The maintenance and integrity of the Motorpoint Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.