

**Constellation Automotive Group Limited  
(formerly BBD Parentco Limited)  
Annual Report and Accounts  
for the year ended 28 March 2021**

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## COMPANY INFORMATION

### CONSTELLATION AUTOMOTIVE GROUP LIMITED

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## STRATEGIC REPORT

The Directors present their Strategic Report for Constellation Automotive Group Limited (formerly BBD Parentco Limited) for the year ended 28 March 2021.

### COMPANY BACKGROUND

Constellation Automotive Group Limited (formerly BBD Parentco Limited) ('CAGL', or the 'Company') was incorporated on 10 June 2019 along with its subsidiary, Constellation Automotive Limited (formerly BBD Bidco Limited) ('CAL'). On 6 November 2019 CAL acquired BCA Marketplace plc ('BCAM') and its subsidiaries (the 'BCAM Group') and subsequently CAGL and CAL are holding companies to the BCAM Group. CAGL and its subsidiaries are referred to in this report as 'Constellation Group' or the 'Group'. On 21 October 2020 the Company changed its name from BBD Parentco Limited to Constellation Automotive Group Limited.

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is an international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past decade.

The consolidated financial statements of Constellation Automotive Group Limited (formerly BBD Parentco Limited) for the year ended 29 March 2020 included CAGL and CAL from their incorporation at 10 June 2019, and BCA Marketplace plc and its subsidiaries from acquisition on 6 November 2019. The comparatives presented in these financial statements represent 5 months of trading activity and are therefore not directly comparable to results for the year ended 28 March 2021. The consolidated financial statements are presented on pages 55 to 108.

### ABOUT CONSTELLATION GROUP

Constellation Group is part of the broader Constellation Automotive Group Sarl group of companies which together form the largest vertically integrated digital used car marketplace in Europe, combining the leading digital brands across the segments of consumer to business, business to business and business to consumer.

Constellation Group operates with the BCA and WeBuyAnyCar brands across the post-factory automotive value chain, providing physical and digital solutions at scale to our customers.

Once a new vehicle leaves its place of manufacture, we provide a comprehensive range of services including single and bulk vehicle collections and deliveries, inspection checks, customs management, storage, refurbishment, vehicle preparation, finance, pricing data and used vehicle buying. Our digital and physical auction platforms bring together OEMs, leasing companies, fleet operators, retail dealers and buyers to efficiently transfer the ownership of vehicles while protecting value.

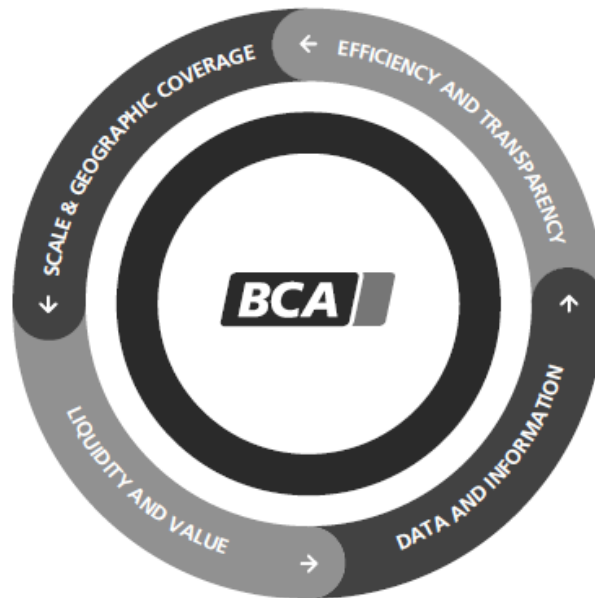
We are a key facilitator and link to the entire value chain in automotive, whether that is the manufacturer, the dealer, the vehicle financier or the end consumer. Constellation Group facilitates the UK and European vehicle market, enabling vehicles to be moved, bought and sold, thereby providing liquidity and choice.

## CONSTELLATION GROUP AT A GLANCE

### VEHICLE REMARKETING

BCA Vehicle Remarketing facilitates efficient changes of vehicle ownership through auctions in the UK and Europe. Our marketplace brings together vendors and buyers. It provides speed of vehicle disposal, access to the latest market pricing for vendors and an unrivalled choice of consistently graded available stock for buyers.

BCA Vehicle Remarketing operates across 23<sup>1</sup> vehicle remarketing centres in the UK and 30 centres in Europe.



### VEHICLE BUYING

WeBuyAnyCar provides a trusted, convenient disposal channel for consumers in the UK, operating from 357 sites at March 2021.

Across Europe, International Vehicle Buying provides efficient disposal of batches of vehicles for OEMs and dealers.

### AUTOMOTIVE SERVICES

#### Vehicle refurbishment centres

Our refurbishment centres provide reconditioning, storage and management of vehicles for fleet operators. Work is carried out to manufacturer accredited standards.

Our expertise covers all aspects of fleet management including demonstration, press, VIP events, and pool and company cars.

Our refurbishment centres also provide physical and cosmetic reconditioning to Retail Ready standard.

#### New vehicle sites

Our network of integrated sites provides a suite of services for manufacturers that differentiate BCA from others in the market.

Our port and factory compounds support manufacturers with storage, fitment and pre-delivery inspection services. Using technologies including drones, RFID and active lane management we are able to securely store and load vehicles for fulfilment.

#### Logistics services

Connecting the automotive industry through bulk and single vehicle movements.

Our fleet of transporters, the largest in the UK, connect the physical marketplace and link the physical integration between divisions.

Our same day inspect and collect service streamlines the process of vehicle inspection, handover, collection and delivery of single vehicle movements for our customers.

<sup>1</sup> Site numbers stated as at June 2021 (March 2021: 21 sites)

## GROUP OPERATING REVIEW

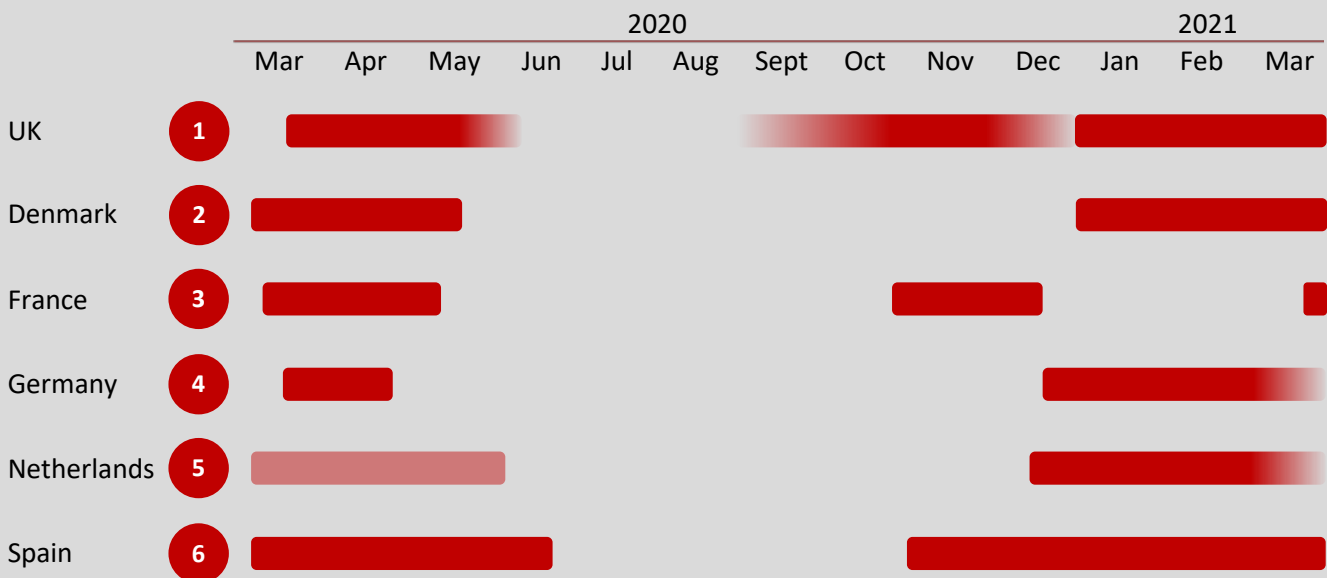
### Accelerating digital services for our customers in a challenging year

Constellation Group demonstrated its resilience, adaptability and technological capabilities in a year dominated by Coronavirus ('covid-19') imposed restrictions. Our people performed exceptionally to accelerate the digital transformation of the business and find safe and adapted ways to continue to serve our customers' needs. The scale of the transformation is demonstrated by the year ending with 100% of UK auction sales having occurred online compared to 37% in the prior period.

During March 2020 a covid-19 pandemic was declared by the World Health Organisation causing unprecedented disruption to all organisations around the world. Our ability to operate throughout the year fluctuated in line with the varying severity of restrictions, which impacted the business geographically and operationally, as both we and our customers adapted.

The performance and divisional reviews reflect 12 months of trading interrupted by significant periods of covid-19 disruption and the comparative results reflect five months of trading with the final month of the period impacted by the original introduction of covid-19 restrictions in many countries. It is not possible to identify a number of effective trading days in the year compared to the prior period due to the varying levels of restriction. The graphical representation below provides a guide to the severity of restrictions in certain key markets over the end of the prior period and current year.

#### Summary of restrictions across the Group's key operational territories



- 1 A full UK national lockdown was instituted on 23 Mar 20 followed by a phased reopening from late May. The 10pm curfew and rule of 6 were introduced in Sept; tiered restrictions in Oct before a second national lockdown for Nov. Tiered restrictions returned in Dec before a third national lockdown from 1 Jan 21 which continued through to year end.
- 2 Denmark entered a national lockdown on 13 Mar 20 until 18 May, followed by various social distancing measures for the remainder of 2020. New national restrictions were reintroduced from Jan 21 which were still in place at the year end.
- 3 France entered a national lockdown on 17 Mar 20 until 11 May, followed by various social distancing and regional measures. A second lockdown began on 28 Oct lasting until 15 Dec, followed by a third lockdown from the end of Mar 21.
- 4 Germany entered a national lockdown on 22 Mar 20 until 20 Apr, followed by various social distancing and regional measures. A second lockdown began on 16 Dec and remained in force until a phased reopening began at the start of Mar 21.
- 5 The Netherlands implemented softer lockdowns than other countries, initially between Mar 20 and May 20, with various social distancing measures in place throughout the year. On 14 Dec, a national lockdown was implemented which was partially removed in Mar 21.
- 6 Spain entered a national lockdown on 14 Mar 20 and remained so until June when it was lifted by region. Regional restrictions remained and stricter national measures were reintroduced in Nov 20.

## GROUP OPERATING REVIEW *continued*

The Group commenced the year with all markets operating under varying national government restrictions in response to the covid-19 pandemic. Swift actions were taken to reduce costs and preserve cash, including furloughing a significant number of employees and utilising government initiatives to support employment costs for employees who were not able to contribute to the ongoing operation of the business. Management also negotiated with landlords to reduce or defer rental payments and temporarily ceased all consumer vehicle buying activity.

Physical auctions and the WeBuyAnyCar retail estate closed with a resulting reduction in the movement and inspection of vehicles within Automotive Services. During April, all auctions took place on our online platforms initially populated with vehicles that had been imaged and graded before lockdown. At commencement of the restrictions, demand was greatest for vehicles at lower price points. Over 90% of the transporter fleet was taken off the road, with the remaining vehicle moves taking place to support key workers and provide services to organisations which were not able to cease operations, including for example the transportation of ambulances for the NHS. Vehicles continued to arrive into the UK by ship, and these vehicles were received and stored in line with working regulations. Trading was similarly impacted across Europe with differing lockdown restrictions impacting sales and cross-border movements. The magnitude of the covid-19 impact on economic activity practically mitigated any post Brexit trading impact on the business.

As European countries began to ease restrictions and the UK government announced that car dealerships could reopen from 1 June 2020 the Group saw demand grow across our online platforms and were able to recommission our transport capabilities to support the vehicle logistics of vendors and buyers. The overall conditions in the first quarter had a significant detrimental impact on financial performance with Q1<sup>2</sup> delivering an adjusted EBITDA<sup>3</sup> of £13.2m (Q1 IAS 17 adjusted EBITDA: £0.6m).

Trading rebounded in Q2 as restrictions were lifted and the workforce largely returned from furlough. Strong stable pricing provided good operational efficiencies with predictable results for buyers and sellers. Refreshed versions of BCA Live Online and the BCA Buyer app provide enhanced insight every time a buyer looks at, bids on or buys a vehicle. Constellation Group were well placed to capitalise on pent up demand with all UK auctions fully digital utilising BCA Live Online and the BCA Buyer app.

At the end of Q2 BCA launched the Retail Ready digital sales channel exclusively for trade customers in response to their need for high quality vehicles and to shorten inventory holding times. The channel hosts vehicles prepared cosmetically and mechanically to a new industry retail standard allowing dealers to immediately place these vehicles onto their forecourt with little or no preparation and cost.

Our vehicle consumer classifieds business, cinch, moved to expand its business model to include a fully transactional marketplace. As a result, cinch required more investment and it may take longer for it to break even than initially anticipated. Moving cinch outside of the Constellation Group banking conditions provides greater flexibility for cinch to meet its capital requirements. Cinch Sub Holdco UK Limited and its subsidiaries (Cinch Cars Limited, MyAuto Limited and Cinch Fleetco Limited) were sold outside of the Group on 18 September 2020 at fair market value of £4.6m.

Q2 delivered £80.5m of adjusted EBITDA (Q2 IAS 17 adjusted EBITDA: £68.3m).

The momentum continued into Q3 despite ongoing restrictions across Europe and the introduction of tiered restrictions in the UK. Customers continued to develop their online and click and collect capabilities in order to continue trading at scale in this environment.

During Q3 the Group announced the development of a new 65-acre mega-centre in Bristol to support the Group's activities. BCA Bristol is a full online remarketing centre, with the capacity to handle over 120,000 vehicles per annum. The facility commenced operation 24/7 in Q4, delivering a range of BCA's suite of services – defleet and logistics, cosmetic and mechanical preparation, vehicle remarketing, imaging and Retail Ready preparation. Adjusted EBITDA for Q3 was £64.2m (Q3 IAS 17 adjusted EBITDA: £50.8m). YTD adjusted EBITDA totalled £157.9m (2020: £27.9m) reflecting the 6 November timing of the BCAM acquisition in the prior year.

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<sup>2</sup> FY21 reported quarters ended as follows: Q1 (28 June 2020), Q2 (27 September 2020), (Q3 27 December 2020) and Q4 (28 March 2021)

<sup>3</sup> The Group Operating Review is focused on adjusted EBITDA as the primary performance measure, defined in non-GAAP measures on page 8 and reconciled to statutory performance measures on page 14

## GROUP OPERATING REVIEW *continued*

It was not until the return of a stricter lockdown in the UK that spanned the whole of Q4 that activity was again significantly suppressed. The impact on trading was far less than in Q1 reflecting the adaptability and resilience of the used car sector and the incremental developments to our digital capability. The end of the Brexit transition period on 31 December 2020 provided limited disruption in comparison to the impact of covid-19 restrictions. Despite being in lockdown for the full quarter, compared to a single week in the prior year, the Group delivered adjusted EBITDA for Q4 of £56.9m (Q4 IAS 17 adjusted EBITDA: £44.0m) down £4.5m on the prior year which was only impacted at the end of March 2020 by restrictions.

The Group has received good commercial support from our banking partners and suppliers throughout the year. Our Partner Finance lenders in particular were quick to stand behind the extended payment terms offered to our dealer customers through the periods of physical lockdowns.

The full year adjusted EBITDA is stated after government support of £35.5m under the Coronavirus Job Retention Scheme (CJRS) in the UK. This support covered the majority of furloughed employees' wages through periods they were unable to work and contribute to business operations due to restrictions in place.

Post year end, the UK expects to see an increased level of activity as restrictions ease in line with the UK government roadmap and consumer sentiment buoyed by the vaccination roll out programme. As a result, management have sought to build vehicle inventory across the Group in anticipation of increased demand. Despite an encouraging outlook in the UK, European lockdowns have once again come into force. France is in their third lockdown while Germany still has restrictions in place, as Europe's vaccination campaign has been hit by delays. Management therefore expects a slower return to unrestricted operations in Europe. The overall Q1 outlook is positive, and is expected to deliver adjusted EBITDA ahead of pre-covid-19 levels.

### Non-GAAP measures

#### Key Performance Indicator – adjusted EBITDA

Management uses an adjusted profit measure to monitor the ongoing profitability of the Group, which is defined as Earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjusted for significant or non-recurring items ('SONR'). The SONR items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- income and expenses that are significant, non-recurring or non-trading in nature, including business closure costs, restructuring costs and share based payment related charges;
- impairment charges and accelerated depreciation and amortisation on property, plant and equipment, intangibles and goodwill;
- amortisation of intangible assets arising on acquisition;
- acquisition expenses and gains and losses on business combinations, disposals and changes in ownership.

The Directors primarily use the adjusted EBITDA measure when making decisions about the Group's activities as it is the most reliable and relevant profit measure across all segments. Amortisation of intangible assets arising on acquisition are excluded because they reflect the nature of the acquisition accounting, and are not reflective of underlying business performance. Share based payment related charges are excluded as the initial implementation and ongoing costs are significant or non-recurring and are not reflective of underlying business performance. As this is a non-GAAP measure, adjusted EBITDA measures used by other entities may not be calculated in the same way and hence may not be directly comparable.

All non-GAAP measures are reconciled back to statutory equivalents on page 14. They are provided with the clear intention to aid understanding of performance.

#### Key Performance Indicator – IAS 17 adjusted EBITDA

The Group's financing arrangements include frozen GAAP reporting for certain accounting areas including leases. IAS 17 adjusted EBITDA is presented to aid comparison, and remains the most meaningful measure of performance.

### Accelerated Digitalisation

Constellation Group has been providing customers, whether buyers or vendors, with a range of digital tools to assist them for a number of years. Expanding our digital offering to provide a fully online end to end customer journey, enhanced by real-time intelligence and connecting remarketing with our expansive transportation capabilities has been a key part of our desire to provide an immersive and increasingly bespoke online customer experience as we aim to lead the industry in the use of technology. With the enforced cessation of physical auctions in March 2020, management was quick to recognise and respond to the need for accelerated digitalisation plans, making it simpler and easier for customers to work with us.

- New website with improved user experience, richer functionality, a modern design and a simpler way for customers to manage their relationship with BCA
- Flexible and dynamic online sales programme allowed us to better meet buyer needs and provide more opportunities for vendors to realise the value of their vehicles
- Enhanced digital images and an improved search engine
- Performance enhancements allowed us to adapt to the increased online volumes and users
- Improved bidding process and functionality were introduced including proxy bidding
- Simple online payment process
- Click and Collect and delivery tracking added to self-serve capability
- Digital teams have been strengthened with a number of key appointments
- Improved data analytics and insights allowed for quicker reaction to changing market demands

Constellation Group continues to evolve our digital offering, bringing together our online expertise with our deep experience of the automotive sector and strong, well established customer relationships. Together we are creating a consistent customer experience – for both vendor and buyer – across all of BCA, whether online, by phone, on site or offsite.

Putting the customer at the forefront of everything we do has allowed us to develop clear focussed priorities and deliver change at speed. With more data than ever we are better able to identify and support our customers' needs optimising our service offering. Our ability to adapt to how our customers want to interact with us has boosted our resilience, energised our staff, set a new benchmark for the remarketing industry and allowed us to remain a market leader.

# 100%

UK Online sales  
2020: 37%

# 96%

EU Online sales  
2020: 84%

# 613%

Buyer app  
increased visits

## GROUP OPERATING REVIEW *continued*

### DIVISIONAL RESULTS SUMMARY

	IFRS 16				IAS 17			
	Year ended 28 March 2021		Period 10 June 2019 to 29 March 2020		Year ended 28 March 2021		Period 10 June 2019 to 29 March 2020	
	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA	Revenue	Adjusted EBITDA
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
UK Vehicle Remarketing	1,308.9	115.3	546.0	56.6	1,308.9	90.5	546.0	46.5
International Vehicle Remarketing	190.1	33.9	78.8	14.9	190.1	29.2	78.8	13.1
Vehicle Buying	1,665.3	44.5	682.4	9.0	1,665.3	44.0	682.4	8.8
Automotive Services	288.5	34.1	153.3	17.5	288.5	12.5	153.3	8.5
Group Costs <sup>4</sup>	1.2	(13.0)	0.1	(8.9)	1.2	(12.5)	0.1	(8.9)
<b>Total</b>	<b>3,454.0</b>	<b>214.8</b>	<b>1,460.6</b>	<b>89.1</b>	<b>3,454.0</b>	<b>163.7</b>	<b>1,460.6</b>	<b>68.0</b>

Divisional results are presented in this section on both an IFRS 16 and IAS 17 basis for comparison as the Group's financing arrangements include frozen GAAP reporting, particularly for leases. Prior year numbers include the trading results of the BCAM Group from 6 November 2019.

Adjusted EBITDA under IFRS 16 of £214.8m is reconciled to the statutory operating profit for the year ended 28 March 2021 of £47.4m on page 14.

### DIVISIONAL PERFORMANCE REVIEW

#### UK Vehicle Remarketing

The division's volumes, revenues and adjusted EBITDA were adversely impacted by the pandemic restrictions during the year. To enable vendors and buyers to continue to trade with confidence, UK Remarketing accelerated its digital transformation, becoming the first business of its type and scale to trade fully online (2020: 37%).

After the temporary cessation of physical auctions at the end of the prior period the division commenced Q1 trading using its existing online auction platforms including BCA Buyer app, BCA Live Online and BCA Buy Now with vehicles that had been imaged and prepared prior to the implementation of pandemic restrictions. Working practices were revised through April and May so vendor vehicles could safely be received and processed on sites. When automotive dealerships were allowed to reopen on 1 June 2020 the division saw strong demand and stable pricing which continued into the third quarter, with record September sales volumes of over 25k units per week for 4 consecutive weeks.

The operation of the auctions online allowed buyers to participate in sales from more BCA auction sites than ever before, no longer constrained by the requirement to physically attend auctions. The enhancement of the digital platforms has been a core focus of the year ensuring they are fit for purpose for the unprecedented levels of trading taking place on them. These capacity and resilience improvements were combined with enhanced functionality to improve the buyers' search and transaction journeys. The introduction of the new Click and Collect booking service allowed levels of dispatch activity onsite to be controlled, and improved efficiency of readiness procedures.

<sup>4</sup> Group costs in the year ended 28 March 2021 include revenue and costs for cinch of £nil and £4.3m respectively (2020: £0.1m and £5.2m) that do not represent underlying comparative performance.

## **GROUP OPERATING REVIEW** *continued*

### **DIVISIONAL PERFORMANCE REVIEW** *continued*

#### **UK Vehicle Remarketing** *continued*

The physical process required for selling a vehicle has simplified with the requirement to parade the vehicles through auction halls in a set sequence removed. Storage and accessibility routines have improved with activity now concentrated on preparation, condition reporting, imaging and collection. A digital programme allows greater flexibility of the auction calendar, with auctions now operating across broader time slots. The popularity of Buy Now transactions (fixed price sales) have also increased, especially out of traditional business hours, as we get better insight into how our customers wish to trade.

September saw the introduction of our Retail Ready sales channel. Utilising our expertise in wholesale vehicle storage and refurbishment has enabled the division to introduce and define Retail Ready as a new vehicle condition standard. This digital channel hosts vehicles prepared cosmetically and mechanically, covering the repair of bodywork dents, stone chips, paint repairs, wheels, glass and lights, interior upholstery, and tyre condition and compatibility checks. Once refurbished, the vehicles are fully retail valeted and come with a valid service for at least 3 months or 2,000 miles, a valid MOT for at least 6 months, and all auxiliary items such as Satellite Navigation SD cards and charging cables present. This enables customers to immediately place these vehicles onto their forecourt with no preparation time and cost required.

The business has undergone significant changes to sales day operations, and during Q3 the UK Vehicle Remarketing division reorganised the workforce resulting in redundancies of certain branch based roles. The tiered restrictions of November and December, and the full lockdown in Q4 did not impact the business as severely as the initial lockdown as our customers had evolved their ability to operate with social distancing and other restrictions in place.

Outsourced remarketing contract volumes have been impacted reflecting reduced lease churn and de-fleet activity throughout the year.

BCA Partner Finance continues to support buyer demand in our marketplace with penetration at 10.6% of UK Vehicle Remarketing sales funded by Partner Finance (2020: 12.7%). The reduction in penetration has been due to dealers taking a more conservative position on their volumes and also the level of government support that has been available throughout the year. The Partner Finance proposition, which includes branded auctions, part exchange financing and funding 100% of the hammer price plus fees and transport of purchases, continues to support dealer customers through the liquidity it provides. At the end of the period the resultant asset backed loan book stood at £207.4m (2020: £203.4m).

#### **International Vehicle Remarketing**

The division generated revenue of £190.1m (2020: £78.8m) and adjusted EBITDA of £33.9m (2020: £14.9m). Availability of volumes was suppressed across Europe as leasing companies and OEMs experienced delays in the return of financed vehicles and there was reduced availability of new vehicles following covid-19 disruptions. This was partially offset by some additional international cross border buying activity undertaken in response to the various levels of supply and demand seen across different markets, supported by the Group's BCA 1Europe Transport network of accredited partners. Average revenue per vehicle increased driven by changes in country mix, in part reflecting the differing impacts of covid-19 restrictions, and increased export fee penetration.

In June the International Vehicle Remarketing division commissioned its first automated inspection units in Europe, and at the end of the year were operating a number of automated units in Denmark, France and the Netherlands. These drive-through units assess vehicle condition, reducing the need for manual inspection and ensuring a consistent and accurate assessment.

## **GROUP OPERATING REVIEW** *continued*

### **DIVISIONAL PERFORMANCE REVIEW** *continued*

#### **International Vehicle Remarketing** *continued*

The division also established a new vehicle reconditioning centre in France in partnership with Emil Frey, which began operation in August 2020. This facility offers refurbishment and grade enhancement to our vendors, maximising sales performance at auction.

Towards the end of Q4, the division experienced renewed restrictions in some of the markets in which it operates across Europe as national governments address increased covid-19 infection levels.

#### **Vehicle Buying**

WeBuyAnyCar continues to maintain its place as the market-leader in the UK online direct car buying market. Revenues grew year on year driven by higher revenue per units sold partially offset by lower annual volume sold. Despite the significant disruption to the division's retail estate during the year, with long periods of enforced closure, the buying network continued to expand in order to provide convenience for consumers ending the year with 357 sites (2020: 315). Vehicles are sold from sites across the UK Vehicle Remarketing estate and now include three WeBuyAnyCar dedicated selling centres.

The division delivered revenue of £1,665.3m (2020: £682.4m) and adjusted EBITDA of £44.5m (2020: £9.0m).

The division supplies a controlled and diverse range of vehicles across all makes and marques, to support the UK Vehicle Remarketing division auction sales programme. During the year, WeBuyAnyCar delivered a new record volume week and purchased its 2 millionth vehicle 15 years after commencing trading and only 4 years after achieving the 1 millionth vehicle milestone. This accelerated volume is underpinned by the continued growth in brand recognition and consumer trust from the public. Philip Schofield's role as Brand Ambassador has been continued and the Christmas Day TV advertising campaign was met with strong consumer interest, with record festive period website visits. As the brand builds the division is expanding the marketing and advertising channels across digital platforms (Facebook, YouTube, etc.) to broaden engagement with a wider audience. Notwithstanding the accelerated growth WeBuyAnyCar still delivers excellent customer service scoring 5\* in Trustpilot ratings.

WeBuyAnyCar continues to attract a wide range of vehicles with the most common class of cars continuing to be superminis, accounting for 26% of vehicles purchased (2020: 27%). During the year the number of supercars purchased was 86 (2020: 72). In line with prior years the division acquired unusual and unique vehicles including a 1968 Lotus Elan and a 1979 MG Midget. The most expensive purchase in the year was a Ferrari GTC4 Lusso with a value in excess of £150k.

The move to 100% online auctions in the UK Vehicle Remarketing division, and the development of three dedicated selling hubs means we are better able to track and analyse customer demand and ensure we are servicing it appropriately. Inventory at 28 March 2021 was £107.0m (29 March 2020: £44.2m) reflecting the continued growth in the business compared with a period of inventory reduction in the prior year as covid-19 restrictions came into place.

Within Europe, Vehicle Buying has increased 17.4% on prior year as we have improved our market intelligence enabling us to better identify vehicle demand. We continue to focus on opportunities to raise awareness of auction, purchasing batches of vehicles that enrich the remarketing programmes for both vendors and buyers.

#### **Automotive Services**

The Automotive Services division brings together the Group's automotive logistics, new and used vehicle storage, preparation, handover, enhancement and refurbishment, providing a comprehensive suite of services in an integrated manner. During the year the division was significantly impacted by the UK pandemic restrictions with the majority of vehicle movements restricted, most of the fleet off the road and employees furloughed. The division did maintain some activity during covid-19 restrictions especially supporting key workers and the emergency services, including through the movement of ambulances for the NHS; delivering revenue in the year of £288.5m (2020: £153.3m) and adjusted EBITDA of £34.1m (2020: £17.5m).

## **GROUP OPERATING REVIEW** *continued*

### **DIVISIONAL PERFORMANCE REVIEW** *continued*

#### **Automotive Services** *continued*

Government initiatives were used to support employment costs, and rent deferrals were negotiated with landlords and finance companies. Activity began to recommence in June following the easing of restrictions and reopening of car dealerships, with all business areas returning to profitability and delivering higher margin work that could not be performed earlier in Q1. The division continues to increase the penetration of internal moves and refurbishments for UK Vehicle Remarketing, and with WeBuyAnyCar utilising the transporter fleet that now numbers 901 vehicles following the strategic acquisition of used transporters from some smaller distressed operators. This drives increased internal efficiency and reduces costs.

Logistics continues to see strong demand from leasing companies for inspections and collections following easing of lockdown restrictions, and vehicle flow efficiency has returned to Fleet Solutions and Vehicle Services sites as despatches to customers have returned to normal levels.

During the year Fleet Solutions utilised the capability and expertise developed in preparing and refurbishing fleet vehicles to establish and support the newly developed Retail Ready industry vehicle standard. In order to support Retail Ready the business has invested in land and buildings and has increased integration of services in UK Vehicle Remarketing sites including the new 65-acre mega-centre in Bristol. Leveraging our industry leading integrated capability has enabled the division to accelerate the delivery of Retail Ready vehicles to support the new sales channel.

#### **Group Costs**

During the period Cinch Sub Holdco UK Limited and its subsidiaries (Cinch Cars Limited, MyAuto Limited and Cinch Fleetco Limited) were sold outside of the Group at fair market value of £4.6m. Prior to the sale, group costs included £4.3m of costs relating to the development of cinch and its brand awareness (2020: £5.2m). cinch was sold to allow the company to access capital and develop its proposition from classifieds to a fully transactional market place.

Other Group costs reflect the management capacity required to deliver joined up solutions across divisions for OEMs and major corporates, and excluding cinch were £8.7m in the year (2020: £3.7m).

## GROUP OPERATING REVIEW *continued*

### Financial performance review

The following table sets out the statutory financial performance of the Group (reported under IFRS 16).

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
<b>Revenue</b>	<b>3,454.0</b>	<b>1,460.6</b>
<b>Adjusted EBITDA</b>		
UK Vehicle Remarketing	115.3	56.6
International Vehicle Remarketing	33.9	14.9
Vehicle Buying	44.5	9.0
Automotive Services	34.1	17.5
Group Costs	(13.0)	(8.9)
<b>Adjusted EBITDA</b>	<b>214.8</b>	<b>89.1</b>
Depreciation and amortisation	(70.5)	(28.2)
<b>Adjusted operating profit</b>	<b>144.3</b>	<b>60.9</b>
Significant or non-recurring items:		
Amortisation of acquired intangibles	(73.6)	(28.9)
Restructuring costs	(7.6)	(1.2)
Other costs	(15.7)	-
Covid-19 related goodwill impairment	-	(266.4)
Transaction costs	-	(57.6)
<b>Operating profit/(loss)</b>	<b>47.4</b>	<b>(293.2)</b>
Finance income	23.0	0.4
Finance costs	(103.4)	(58.4)
Significant or non-recurring items:		
Transaction related finance costs	-	(0.5)
Share of loss of equity-accounted investments	(1.3)	(0.1)
<b>Loss before income tax</b>	<b>(34.3)</b>	<b>(351.8)</b>
Income tax	13.6	(16.7)
<b>Loss for the year/period</b>	<b>(20.7)</b>	<b>(368.5)</b>

### Significant or non-recurring items

As defined in the non-GAAP measures, management exclude significant or non-recurring ('SONR') items from adjusted operating loss as these are not representative of underlying trading performance.

During the year £73.6m of amortisation was recognised on acquisition related intangible assets (2020: £28.9m) and £7.6m of restructuring costs were incurred in the year relating to the management of longer term impacts of covid-19 on the business. Other exceptional costs of £15.7m includes £13.0m of share based payment related charges and contributions on subscription of shares relating to a Management Incentive Plan agreed within the year. The plan is a capital scheme and requires investment from the individuals included. The remainder of other costs includes £2.0m of discontinued system implementation costs that were made unviable partly due to difficulties arising from covid-19 working restrictions, and £0.7m relating to a guaranteed minimum pension equalisation adjustment.

## GROUP OPERATING REVIEW *continued*

### Finance income

Finance income in the year of £23.0m includes £21.4m of foreign exchange profit (2020: £18.3m loss) primarily recognised on retranslation of Euro denominated facilities.

### Finance costs

Finance costs in the year of £103.4m (2020: £58.9m) include £71.1m of interest charged on the finance facility, £23.9m of lease interest costs, £7.3m amortisation of debt issue costs and original issue discount, and £0.4m of net interest on the retirement benefit obligations.

### Taxation

The tax credit of £13.6m includes a £19.1m net tax credit in relation to SONR items. This comprises a £14.9m credit relating to amortisation of acquired intangible assets, and a £4.2m credit in relation to other SONR items.

In addition, under Regulation 3 of The Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004, foreign exchange gains of £21.1m arising on the translation of external Euro debt have been matched and treated as non-taxable in the period.

This resulted in an effective tax rate ('ETR') for the period of 39.6%. Excluding the impact of the amortisation of acquired intangibles and other SONR items in the period, the Group had an underlying effective tax rate of 8.9%. Excluding the impact of the non-deductible foreign exchange movements results in an adjusted underlying effective tax rate of 13.4%.

The underlying ETR is lower than the standard rate of corporation tax in the UK 19.0%. This is primarily as a result of the payment for group relief from other UK tax resident entities from outside of the Group at less than 19.0%, reflecting the cash tax benefit of the losses to the Group.

The Group is subject to the UK's Corporate Interest Restriction regime on interest payable on the Group's debt facilities. This results in a disallowance of £45.5m in the period with a net current tax charge of £8.7m. The restricted interest is available to carry forward, and a deferred tax asset of £8.7m has been recognised in respect of these tax attributes to the extent that it offsets against deferred tax liabilities created in the accounting for business combinations.

The ETR is also reflective of the Group's geographic mix of profits, with a combination of higher rates in our European markets and lower rates in the UK, and the effect of permanently disallowable items. Permanently disallowable items comprise expenditure incurred that does not qualify for a tax deduction in the territory in which it arises, and includes depreciation on assets not qualifying for tax deductions and current period movements on provisions for uncertain tax positions.

On 3 March 2021 it was announced that the UK's main rate of corporation tax is due to increase from 19% to 25% from 1 April 2023. The increase in the rate was not substantively enacted by the balance sheet date and therefore is not reflected in the tax charge for the year. The future increase in the tax rate would result in an additional deferred tax charge of approximately £39.0m in the year of enactment.

### Tax framework

In line with the Group's published tax strategy, BCA is committed to paying the right amount of tax, when it is due, in the jurisdictions in which it arises, and views the payment of its tax liabilities as an integral part of maintaining high standards of corporate social responsibility.

The Group is committed to being fully compliant with all statutory obligations and ensuring an appropriate relationship with the tax authorities.

The Chief Financial Officer has executive responsibility for tax matters. The Group seeks to structure its affairs on sound commercial principles and in accordance with relevant tax legislation. Where there are areas of uncertainty, the Group has strong relationships with professional advisers and utilises in-house specialists to ensure that tax risks are appropriately considered.

## GROUP OPERATING REVIEW *continued*

### Loss after tax

The loss after tax of £20.7m was stated after charging £96.9m of SONR costs, £1.3m of share of loss of associate, and taxation credit of £13.6m. On an adjusted basis, excluding SONR and non-recurring finance costs, adjusted profit before income tax was £63.9m.

### Financing and liquidity

The Group continues to hold a £1,122m Senior Term and Revolving Credit Facility and a £265m Second Lien Facility which are repayable on dates between November 2025 and November 2027. The facilities are denominated in GBP and Euros, and attract variable interest based on LIBOR / EURIBOR plus margin, with customary margin ratchets and prepayment options. On 30 April 2020, the Group drew down a new Senior Liquidity Facility of €67m in order to provide increased liquidity and to fund vehicle purchasing and investments when the economy reopened from the pandemic restrictions. This facility ranks *pari passu* with the existing senior facilities, is denominated in Euros, and attracts variable interest based on EURIBOR plus margin.

The Revolving Credit Facility ('RCF') was subject to a covenant test from the quarter ending September 2020, only if, at the end of a quarter, more than 40% of the total RCF facility is drawn in revolving loans. However, during the year the Group negotiated a covenant waiver, with the first covenant test now due for the quarter ending March 2022. At the start of the period the Group had fully drawn the £115m available RCF in order to maximise liquidity as a result of covid-19 restrictions. By June 2021 this had been fully repaid and was subsequently utilised for short-term liquidity throughout the rest of the period. At the year end, £40m was drawn on the RCF.

The Group manages its liquidity through a mix of long term and short term (revolving) debt, and the use of an overdraft and cash pool to manage its day to day liquidity.

### Cash flow

The Group generated operating cash in the year of £93.3m (2020: £102.6m). After accounting for finance costs of £44.4m (2020: £27.0m), lease interest of £23.9m (2020: £10.0m), income tax of £6.0m (2020: £6.7m) and an outflow in respect of the Partner Finance loan book of £4.0m (2020: £4.9m inflow), the Group delivered net cash inflow from operating activities of £15.0m (2020: £63.8m).

During the year the Group had a cash outflow of £52.1m (2020: £1,784.3m) for investing activities; capital expenditure of £61.3m including expansion of the Group's real estate of £19.7m partially offset by proceeds from the sale of assets of £8.0m and the sale of Cinch Sub Holdco UK and its subsidiaries for £4.6m. The Group invested £3.3m in the acquisition of, and loans to, equity-accounted investments.

In April 2020 the Group drew down €67.0m from the new Senior Liquidity Facility net of bank fees and original issue discount of £3.1m which coupled with net repayments of the RCF facility of £75.0m resulted in borrowing cash outflows of £19.9m. During the year share issue proceeds totalled £10.0m.

The Group held cash of £112.7m at 28 March 2021 (2020: £213.8m).

### Strategic Report and Group operating review

The Strategic Report (which comprises the Company background, About Constellation Group, Constellation Group at a glance, Group operating review, Business model, Strategy, Stakeholder information and Risk management sections) was approved by the Board of Directors on 25 June 2021 and signed on its behalf.



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## BUSINESS MODEL

Remarketing services are central to the Group's business model, facilitating vehicle transactions between vendors and buyers. This is complemented by a comprehensive range of value enhancing services. At each physical and digital touch point throughout the business, the Group's systems capture vehicle information. The data and analytics provide insight enabling us to optimise our services and achieve improved results for our customers. Knowledge of a vehicle's history and condition allows for efficient scheduling of refurbishment, repair and remarketing, enhancing the change of ownership for all participants.

### OUR RESOURCES - DIGITAL, DATA, AND LOGISTICS

#### ➤ **Electronic - Auction**

A suite of electronic solutions to facilitate vehicle transactions, including BCA Live Online, the BCA Buyer app, eAuction Bid Now and Buy Now platforms.

#### ➤ **Vehicle information**

BCA Buyer app and Auction View provide customers with a sophisticated digital experience to help them search, find, review, track and ultimately buy vehicles.

#### ➤ **Grade and condition**

Using machine learning to optimise refurbishment decisions and data driven algorithms to provide consistent and accurately graded vehicles.

#### ➤ **Vehicle pricing**

Using the latest data captured through auction transactions and multiple vehicle touch points to provide predictive valuations based on age, mileage and condition.

#### ➤ **Inventory management**

BCA Dealer Pro designed to make the part exchange process efficient and predictable with integrated inventory management.

#### ➤ **Processing centres**

Appraising, imaging, storing and remarketing vehicles at scale; the variety and consistency of inventory ensures our centres attract the greatest number and variety of buyers.

#### ➤ **Refurbishment centres**

Storing, inspecting, refurbishing and managing fleet vehicles on behalf of dealers, fleet operators and manufacturers.

#### ➤ **Transport**

Moving new and fleet vehicles for customers, transporting vehicles to and from refurbishment centres and providing transport for Vehicle Remarketing customers.

#### ➤ **New vehicle services**

Inspecting, storing, managing and preparing new vehicles at storage locations around the UK prior to distribution.

#### ➤ **Car retail estate**

Our expanded network of accessible, convenient and trusted local car buying locations make it easy for consumers to transact with WeBuyAnyCar.

## VEHICLE REMARKETING BUSINESS MODEL

Vehicle Remarketing is the marketplace for vehicles through auctions in the UK and Europe. Auction centres are located across the UK and Europe, close to accessible transport routes.

BCA's marketplace brings together vendors and buyers. It provides vendors access to the latest market pricing, speed of vehicle disposal for vendors and an unrivalled choice of consistently graded available stock for buyers.

The Vehicle Remarketing divisions facilitate the sale of 1.5m<sup>5</sup> vehicles operating in two distinct markets: the UK trading right-hand drive vehicles and the international markets trading primarily left-hand drive vehicles.

In the UK, dealers and corporates utilise auctions as the primary volume disposal channel. In Europe, where auction is less well established, there is a significant opportunity to increase market penetration. Across Europe buyers can source cars from all BCA auction markets as BCA 1Europe Transport manages quick, reliable, cross-border vehicle reregistrations and transport.



<sup>5</sup> 1.5m vehicles in 2020, 1.2m vehicles in current year due to covid-19 restrictions

## VEHICLE REMARKETING BUSINESS MODEL *continued*

### Digital

Online auctions allow buyers to participate in auctions across multiple locations concurrently.

BCA offers a number of online auction solutions:

- BCA Buyer app and BCA Live Online operate online vehicle auctions simultaneously with, or independently of, physical auctions
- eAuction provides exclusively online auctions with a physical auctioneer
- Bid Now provides time limited online auctions which are not run alongside physical auctions or with a physical auctioneer
- Buy Now enables the instant purchase of vehicles from our online catalogue

Digital vehicle information, available via the BCA Buyer app and electronic sales guides, gives buyers the capability to search for and track vehicles, notifying them prior to the vehicle being offered for sale. A dedicated messaging service generates engagement with the auction clerk during the sale, along with instant visibility of the proxy bid.

BCA's digital auction services enable buyers to purchase online with confidence. During the year all auctions have taken place online with a small number of physical auctions taking place across Europe as restrictions allowed.

Social distancing regulations for covid-19 have encouraged broader adoption of digital interactions with an enthusiastic response from buyers.

### Services

BCA provides a range of services that enhance the marketability of vehicles by improving the information available to buyers, offering clarity regarding the vehicle's condition:

- Inspection and grading
- Valuation
- Imaging and video
- Collection and delivery
- BCA Assured
- BCA Partner Finance

### Remarketing solutions

Our remarketing solutions enable OEMs, fleet and leasing companies to choose from a range of services to remarket their vehicle fleets, selecting the elements of vehicle processing that they wish to undertake. Remarketing channels include:

- physical and digital auctions
- our Buy Now proposition offers direct sales of vehicles prior to their allocation into other remarketing channels
- white label platforms allowing franchised dealers to view, access and purchase available stock from the franchise network
- closed auctions enabling vendors to offer vehicles to a closed group of selected buyers
- driver sales supporting direct sales of vehicles coming off lease

BCA outsourced remarketing solutions takes this one step further whereby a fleet owner can sell all vehicles or significant batches of vehicles to BCA directly, leaving BCA to manage inspection, damage estimation, handover, refurbishment, multi channel digital marketing and onward sale.

Our services include end of lease inspection, damage estimation, vehicle handover and collection, multi-channel digital marketing and telesales to allocate volume to a variety of remarketing channels, all supported by BCA's portfolio of tools and capabilities that are used to optimise performance in the used vehicle marketplace.

## VEHICLE BUYING BUSINESS MODEL

BCA offers a simple route of vehicle disposal for consumers in the UK, through WeBuyAnyCar, and for corporates in Europe.

Within the UK WeBuyAnyCar is the largest car buying service, assisting more than 2.1 million customers to sell their cars since 2006, continuing to grow both volume, market share and customer base, in spite of the efforts of new participants within the market.

WeBuyAnyCar was introduced as an alternative channel for the disposal of used vehicles (the third disposal channel) freeing consumers from the inconvenience of private sale and the potential inefficiency of part-exchange (particularly when consumers are changing vehicle make). WeBuyAnyCar purchases used vehicles in the UK direct from the consumer and disposes of them through the UK Vehicle Remarketing division. With the third disposal channel only accounting for a small proportion of used car transactions there is significant potential to increase market share.

As the market leader in consumer vehicle buying, WeBuyAnyCar continues to attract new customers and provide a positive user experience with a 5\* Trustpilot rating. The number of repeat customers continues to grow, demonstrating the consumer trust in the brand and the satisfaction around the value attached to the vehicle disposal process.

Through a varied auction programme, the average WeBuyAnyCar vehicle is typically sold within 10 calendar days of purchase (20 days in 2021 as a result of covid-19 disruption), minimising the Group's exposure to the risk of price changes.

WeBuyAnyCar continues to improve our network of sites, to provide a convenient, accessible and safe service for customers, with longer opening hours and more sites opening seven days a week. Continued investment in additional retail locations has led to an additional 42 site openings in the year bringing the total to 357 across the UK. A consumer is able to conclude the sale of their car within 60 minutes of obtaining a quote online with an average drive time of 14 minutes to reach their local WeBuyAnyCar branch.

In Europe, vehicle buying focuses on purchasing batches of vehicles from corporates, adding mix and diversity to auction inventory in the International Vehicle Remarketing division.



## AUTOMOTIVE SERVICES BUSINESS MODEL

With our national network of sites and significant physical infrastructure, including the UK's largest transporter fleet, BCA operates the largest automotive transport, refurbishment, storage and fulfilment capability in the UK through:

- BCA Automotive
- BCA Logistics
- BCA Vehicle Services
- BCA Fleet Solutions

BCA has industry leading capacity and the ability to provide solutions and economies of scale spanning new vehicle, fleet solutions and de-fleet services.

### BCA Automotive

BCA Automotive handles bulk vehicle movements with a fleet of over 900 transporters, moving over 2.3m<sup>6</sup> vehicles a year. BCA Automotive delivers vehicles to and from ports, manufacturing centres, PDI facilities, storage and refurbishment centres, auction sites and dealerships.

Continued investment has resulted in a modern and efficient fleet of transporters, improving operational comfort for our employees and reliability for our customers.

### BCA Logistics

BCA Logistics offers:

- Single vehicle movements
- Customer handover specialists
- Vehicle inspection and collection services
- LCV trade plate movements

### BCA Vehicle Services

Provides new vehicle support to customers from port of entry or factory gate to fleet or retail availability. Services include:

- Reception, customs management and handling at port or factory gate
- Pre-delivery inspection ('PDI') and new vehicle preparation
- Accessory fitment and customisation
- Warranty and servicing
- Storage and compound management

### BCA Fleet Solutions

Specialises in fleet management, de-fleet and refurbishment.

Our fleet management expertise gives us the capabilities to offer customers full service fleet management solutions, providing consistently high levels of customer service and peace of mind for fleet customers, including:

- Booking, management and administration
- Preparation, maintenance and storage
- Document management
- Handover, inspection and collection services

De-fleet and refurbishment are delivered at scale to exacting and consistent standards, allowing BCA to be cost effective. We provide:

- Inspection and estimating services
- Refurbishment to wholesale or Retail Ready standards
- Service, warranty and MOT
- Studio quality imaging
- Valet and secure storage
- Wheel refurbishment

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<sup>6</sup> 2.3m vehicles in 2020, 2.1m vehicles in current year due to covid-19 restrictions

## STRATEGY

Constellation Group's strategy is to create value for stakeholders through organic growth, acquisitions and partnerships in the automotive sector in the UK and Europe. We continue to work with all major market participants to develop and adapt integrated solutions to solve and meet the needs of the participants across the automotive sector, maximising value for all stakeholders.

### Short term

Constellation Group will build upon the strengths of our fulfilment capabilities, physical real estate, knowledge and automotive relationships to enhance our operations and integrated solutions in both the UK and Europe. We continue to focus on reducing costs by optimising efficiency at each of our locations, integrating and streamlining operations for improved operating performance underpinned by connected data. Our car refurbishment centres will continue to play an increasing role in our strategy as we offer a greater variety of Retail Ready stock. Innovation will continue to be embraced to bring further insightful trusted information in a convenient manner to vehicle sellers and buyers. We will continue to create a winning culture, investing in our people to create and maintain high performing, technically specialist and data-orientated teams.

### Medium term

The Group will continue to develop our operations through both organic growth and tactical acquisitions, with a focus on the intelligent use of data and other innovations. Our International Vehicle Remarketing business will look to develop deeper customer relationships across an expanded geographical footprint.

### Long term

Constellation Group will focus on activities that are non-core to OEMs, vehicle sellers and vehicle owners, providing solutions at scale. Opportunities arising out of change in the automotive industry will continue to be a fundamental pillar of the Group's success.

Our divisions each have a detailed dashboard of key performance indicators that we use to track and evaluate our performance. These cover commercial, operations, health & safety, people, costs and digital footprint. Given the commercial sensitivity, these operational KPIs are not published but they are designed to support the financial KPIs that we focus on in this report.

## STAKEHOLDER INFORMATION

The Group’s strategy is to create value for stakeholders through organic growth, acquisitions and partnerships in the automotive sector in the UK and Europe. Constellation Group recognises the full range of stakeholders in the business. The Group categorise these as customers, suppliers and business partners, employees, community and charity, environment, and shareholders and finance providers.

### CUSTOMERS, SUPPLIERS AND BUSINESS PARTNERS

#### Defining the way we engage with customers and create value

##### Integrators

Bringing together critical support services and products

##### Enablers

Putting ourselves in our customers’ shoes

##### Specialists

Recognised experts in what we do

##### Guardians

Taking care to protect the value of our customers’ products and relationships

#### Connecting the marketplace

The Group provides joined up, aggregated solutions to support the efficient change of vehicle ownership. Our solutions include:

	OEMs	Leasing, fleet & rental companies	Dealers	Buyers	Consumers
Transport	✓	✓	✓	✓	✓
Storage and dock facilities	✓	✓	✓	✓	✓
Inspection	✓	✓	✓	✓	✓
Preparation	✓	✓	✓	✓	✓
Remarketing	✓	✓	✓	✓	
Vehicle buying	✓	✓			✓
Fleet & inventory management	✓	✓	✓		
Vehicle enhancement & refurbishment	✓	✓			

- Vehicles diminish in value throughout their life and have high holding costs. The Group provides connected integrated services to our customers, reducing the remarketing cycle time, shortening our customers’ working capital cycle, increasing liquidity and maximising their return from remarketed vehicles.
- Our remarketing buyer fees are tiered and do not hold a 1:1 relationship with vehicle value, thereby minimising the commercial impact of marginal changes in vehicle values on the business.
- The Group only takes title to vehicles through our outsourced remarketing contracts and within the vehicle buying businesses. Our exposure to residual pricing risks is minimised due to the short holding period of the vehicles and the accuracy of our pricing tools.

## STAKEHOLDER INFORMATION *continued*

### CUSTOMERS, SUPPLIERS AND BUSINESS PARTNERS *continued*

#### How we add value for customers, suppliers, and business partners

##### Remarketing buyers

Fulfilling sourcing needs via the largest aggregation of stock, providing choice, convenience and value.

- Availability of a wide choice of stock across marques, models, ages and conditions
- Clarity of vehicle condition providing buying confidence
- Market leading aggregator showing all stock with comprehensive vehicle information including guide pricing, giving confidence to buy online
- Excellent vehicle presentation
- Full calendar of sales throughout the year
- Stock funding service, through BCA Partner Finance, for managing cash flow and as an additional source of lending
- Delivery of vehicles
- Assistance with onward vehicle marketing e.g. imagery

##### Remarketing vendors

Optimised price performance and sale conversion rates of used vehicles through a method that maximises financial return, speed and convenience.

- Integrated services optimising returns to vendors
- Promotion of vehicles including BCA Search and online aggregation of all vehicles
- Comprehensive vehicle descriptions including age, mileage, specification, condition, guide pricing and images
- Full portfolio of auction services for best presentation of vehicles including appraisal, valeting and BCA Assured
- Bidding/buying demand achieved through buyer base diversity
- Efficient valuation, collection and refurbishment services

##### Corporate owners (OEMs, fleet operators and lease providers)

Ability to fully outsource vehicle management, conditioning, driver contact and logistical moves.

- Large scale physical estate for storage
- Integrated real-time tracking of vehicles
- Geographical coverage reducing logistics costs
- Reduced time and depreciation to vehicle sale
- Transportation network allowing efficient collection and delivery
- Refurbishment and preparation capabilities to retain value

##### WeBuyAnyCar customers

An alternative disposal option to part-exchange or private sale.

- Trusted service
- Accessible, online used vehicle valuation
- Transparent process
- Any make, model or condition purchased
- Quick and efficient on-site process
- Convenient locations and opening hours
- Secure payment available within two hours

##### Suppliers and business partners

Working with suppliers and business partners in the manner in which we would expect to be treated.

- Operate in a fair, reasonable and trusted manner
- Interact with transparency, honesty and integrity
- Co-operation with suppliers and business partners leading to confidence and respect

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES

At Constellation Group, we believe we have the best people. They epitomise our purpose, values and most importantly, our great customer service ethos, that enables us to continue to grow and progress as a Group.

We are focused on ensuring our people 'thrive' because we appreciate that having thriving people, means we will continue to have a thriving business. To do that, we concentrate on improving both the capability of our people through quality recruitment, providing career opportunities and ongoing development; and also on improving the engagement of our people through positive rewards, recognition, wellbeing support and ensuring our people feel a part of the business and its future direction.

#### **Improving employee engagement**

The year has brought unprecedented change for our employees, both inside and outside of work. During this time, we have focused on improving our communication with our employees, listening to them more and increasing the overall level of wellbeing and support we provide.

##### *Managing 'furlough' and business change*

Like many businesses, we had to furlough a significant number of people throughout the year in order to protect the business and ultimately the long term employment security for as many of our people as possible.

We regularly and proactively communicated with our people 'on furlough' and provided our line managers with consistent information to share with them. On returning from furlough, we focused on re-inducting people to ensure they re-acclimatised with the business and any changes as easily and as quickly as possible. To help keep everyone safe, we also implemented all the required health and safety measures and controls in line with government guidance and briefed all our people through various briefings and the re-induction process.

Like all businesses, we have had to significantly change and adapt how we operate to meet changing expectations of the automotive market and to support the needs of our customers and this has impacted structures, roles and therefore our people. This has not been easy, however, to support people we have used a consistent approach and process to help ensure any change was managed as fairly as possible. We have also maximised redeployment and re-skilled people wherever possible. Where we have lost people, we have also provided "outplacement support" through a market leading UK provider who have fully assisted people in preparing and searching for employment elsewhere.

##### *Ways of working*

The business has had to embrace a new way of working with approximately 1,000 people working from home and over 600 additional laptops purchased. We enabled people to do this quickly through outstanding service from our IT function and our flexible 'can-do' culture.

During Q2 we established a 'Ways of Working' cross functional working group in order to develop our ways of working approach, principles, policy and overall support including practical solutions to remote working and general support in educating and training our people on how to work and manage remote based teams. We have developed a new remote training section on learning and development platform with lots of learning support and materials.

We have continually listened to our people and obtained their views by running three different surveys periodically throughout the year and we are now reviewing our property portfolio and configuration to enable more hybrid working in the future.

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES *continued*

#### *Wellbeing*

Wellbeing has been a key focus throughout the year. We have regularly communicated the importance of peoples' wellbeing and ensured that line managers and teams work closer together to support each other through more regular team meetings and one to ones. In addition to this, we launched our new online wellbeing centre that provides great support in all aspects of wellbeing – physical, nutritional, emotional and financial. Moreover, we launched our employee assistance programme which gives everyone a confidential support line to deal with all aspects of life and it also provides some counselling support too.

We have significantly increased our number of mental health first aiders throughout the business, partnering with Mental Health England in delivering some excellent training. We have also trained many line managers on mental health awareness to identify wellbeing issues with their teams and help direct people towards specialist support.

Finally, we have encouraged our teams to be active throughout the year with many teams developing local wellbeing initiatives and events encouraging people to be active outside and to raise money for various charities aiding the fight against covid-19. We also continue our relationship with 'Ben' (Automotive Industry Support Service) and provided them with additional financial support this year given the challenges they too have faced.

#### *Colleague Engagement Team*

The Group established a Colleague Engagement Team ('CET') to provide structure and focus and to enable the sharing of information.

The engagement programme is designed to:

- Serve as a basis for constructive engagement that represents meaningful, two-way dialogue between the Group and our employees
- Ensure feedback is representative of the views of employees relative to its composition across the range of divisions, grades, geographical locations and business functions
- Collect feedback in a manner which can be disseminated into clear and useful management information for the Board and senior management
- Collect feedback which provides insight into the interests of employees in relation to key decisions taken by the Board during the financial year

Last year the CET engaged with a cross-section of the Group's employees through town hall meetings around the Group's UK and European sites and reported feedback from these sessions to the Board. Unable to hold physical meetings this year the CET has taken the opportunity to consolidate feedback from prior year and take forward a number of actions, which included support and flexibility with regards to working from home.

#### **Employee Learning and Development**

Constellation Group is an innovative, co-operative and motivating place to work and we look to attract and retain the best employees, providing them with rewarding careers and opportunities for training, development and progression. Our commitment to training and development is demonstrated in our Graduate Development Programme and our apprenticeship opportunities.

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES *continued*

#### Employee Learning and Development *continued*

##### *Apprenticeship schemes*

As at 28 March 2021, 111 of our employees were studying for apprenticeships, including a large number studying practical vehicle-related apprenticeships in our Automotive Services division. A further 39 employees are currently on a 'break in learning' due to the covid-19 pandemic but will be returning to their studies shortly. During the year, 48 members of staff successfully completed their apprenticeships.

Constellation Group offers a range of 57 different apprenticeship qualifications to staff spanning the entire business; ranging from Level 2 (equivalent to GCSE standard) to Level 7 (equivalent to professional qualifications standard) supplied by leading training providers. Last year we welcomed our first employees studying for a three-year Management Degree (Level 6) apprenticeship in conjunction with the Open University, all of whom have now successfully progressed to the second year of their degree. A further two cohorts have since started their degree with a further intake planned for 2021.

Apprenticeships are not only open to new joiners. We are committed to supporting staff throughout their careers. We currently have a number of experienced employees undertaking apprenticeships as an integral part of their ongoing career development in areas including LGV driving, paralegal work and recruitment resourcing.

##### *Graduate Development Programme*

The Graduate Development Programme provides a structured opportunity for commercially or operationally minded graduates from a variety of backgrounds to gain in-depth experience across different areas of our business.

The graduate programme includes management training, workshops and frequent engagement with senior management. All graduates are assigned a senior mentor and a previous graduate to provide personalised support throughout the year. On the programme, there is a commitment to further learning opportunities from day one. As part of this commitment, all graduates will complete an Improvement Technician (Level 3) apprenticeship during the year.

The vision of Constellation Group is to develop automotive expertise and nurture its future business leaders. Previous members of the Graduate Development Programme are now in integral roles within operations, auction branches, business efficiency, human resources, recruitment, digital auctions, customer support, business analysis and data analytics. We recruited more graduates than ever before creating eleven rotational graduate and three finance graduate positions in the period, and continue to see our Graduate Development Programme as an important element of developing the Group's leadership of the future.

##### *Learning Centre*

The Learning Centre has played a key role in supporting our employees during the covid-19 pandemic. During the year, over 130 colleagues have received Mental Health Awareness training and we have partnered with Mental Health England to train a further 16 members of staff as Mental Health First Aiders.

Additional training sessions have been offered on working from home, personal resilience, active listening, virtual on-boarding, working from home whilst schooling, managing teams remotely, and wellbeing, to further support our colleagues during the pandemic.

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES *continued*

#### Employee Learning and Development *continued*

##### *Improving employee capability*

Continuing to improve our people capability to have the best people in the industry is a significant part of our ongoing business success. We recognise the importance of a blended approach of both growing our people internally through great career and development opportunities, together with bringing in new external skills and experience to fulfil any key skill and succession gaps. We have very successfully introduced a new internal resourcing function in the business this year to help improve our external recruitment and we continue to provide strong learning and development solutions and opportunities for people too.

##### *Leadership development*

Leadership has been even more important this year due to the pandemic. We have continued to progress with our Lean Leadership Programme for several groups of senior leaders in the business. To support our leaders in leading all the business change, over 150 of our senior leaders attended 'leading through change' training run by our external development providers. We have also encouraged a number of senior leaders to take on higher level apprenticeships

#### Employee recognition

We have increased our focus on recognition due to the high levels of change instigated by the covid-19 pandemic. Leaders have been encouraged to regularly recognise their people locally throughout the year via one to ones, team meetings and social events. The Group also recognised everyone this year with a Christmas voucher to mark the outstanding effort and flexibility people have shown.

##### *Employee's long service*

We continue to have strong long service that demonstrate we have some of the best people in the industry and that they enjoy working here. As at the end of the year we had the following service levels and numbers:

40 years – 1 employee  
35 years – 1 employee  
30 years – 15 employees  
25 years – 36 employees

We value our employees and their commitment and engagement to deliver excellent service for our customers. Our employees are important to us and we are committed to treating them fairly and with respect. Our annual conference was held via zoom this year where we recognised employees for their achievements including great performance, loyalty and commitment across different areas of the business.

#### Gender pay

Following the decision by the Government Equalities Office and the Equality and Human Rights Commission to suspend the requirement for companies to publish gender pay reports in light of the covid-19 outbreak, the Group has not published a report for the periods ended 5 April 2020 and 5 April 2019 for its six qualifying subsidiary companies. Gender pay reports for the periods at 5 April 2017 and 2018 are available online and can be accessed on the Company's website at [www.constellationautomotive.com/corporate-responsibility/gender-pay-gap-report](http://www.constellationautomotive.com/corporate-responsibility/gender-pay-gap-report).

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES *continued*

#### Employment policies

All applications for employment with the Group are considered equally based on their merits, and the Group seeks to provide appropriate facilities to help applicants with a disability with their application and attendance for interview, such that they have an equal opportunity to be selected. An employee's needs can change whilst employed by the Group and, where this is the case, the Group will investigate, in consultation with the employee, the possibility of making reasonable and appropriate adjustments to enable them to remain in the Group's employment and to undertake their role in accordance with those needs.

#### Resourcing

Over the past year, we have generated over 200 new employment opportunities in various parts of the UK one of the largest drivers was opening our new BCA Bristol site. Many interviews have been performed virtually as our recruitment approach has evolved to adapt to restrictions.

We have also introduced a new direct resourcing strategy that covers a large part of the Group that has generated some fantastic benefits. We have continued to recruit high quality people and we have built and improved our employer brand to help enhance our attraction strategy. It has also improved our all-round recruitment efficiency both commercially and in hours saved that have been reinvested back into the business and improving our customer service.

#### Employee diversity

We try to make working for Constellation Group rewarding in every sense, including a positive work environment and exciting career opportunities. Constellation Group always aims to recruit competence and potential and then support this with the training and development necessary for the employee to reach their full potential.

The Group encourages diversity and recognises the benefits that diversity brings to the organisation. Constellation Group is committed to providing equal opportunities within the workplace with a genuinely inclusive culture, maintaining a workplace that is fair, respectful and free from discrimination. Constellation Group treats its employees and job applicants fairly and equally in accordance with its employment practices, policies and procedures and irrespective of age, disability, sex, sexual orientation, gender reassignment, race, colour, ethnic or national origin, religion or belief, marriage or civil partnership, pregnancy and maternity or paternity, or membership or non-membership of a trade union.

The table below sets out the gender diversity as at 28 March 2021:

Gender diversity as at 28 March 2021	Female	Male	Total
Board of Directors <sup>7</sup>	1	4	5
Senior managers	13	80	93
Other senior staff, department heads and unit and regional managers	70	199	269
All employees	1,827	5,515	7,342

<sup>7</sup> See Governance section

## STAKEHOLDER INFORMATION *continued*

### EMPLOYEES *continued*

#### Whistleblowing

At Constellation Group we are committed to a culture of openness and honesty. For straightforward queries or concerns, staff are encouraged to talk to their line manager or HR. Specialists are available should employees have a technical question about what the right thing to do is in a specific situation. If these options are not appropriate, a confidential whistleblowing hotline is available. The hotline is specifically set up to respond to genuine concerns regarding suspected ethical breaches and/or where there is a need for an issue to be handled confidentially.

#### ANTI-BRIBERY AND ANTI-CORRUPTION

The Group operates to high professional standards and requires all officers, employees, agents and others acting on behalf of Constellation Group to act with integrity in all interactions with customers, suppliers and third parties. Constellation Group takes a zero-tolerance approach to bribery and corruption and requires any suspicion of bribery or corruption to be reported to management or escalated via the confidential help-line.

#### MODERN SLAVERY

Constellation Group has a zero-tolerance approach to modern slavery. We act ethically and with integrity. We have systems and procedures to try to ensure modern slavery and human trafficking does not take place within our business or our suppliers. To help facilitate compliance with this practice employees, contractors and suppliers are encouraged to use the confidential help-line to report any activity they are concerned about in any part of the Group's business or its suppliers. The Group's statement in respect of the Modern Slavery Act 2015 is published on the website.

For more information visit [www.constellationautomotive.com](http://www.constellationautomotive.com).

#### COMMUNITY AND CHARITY

##### *Virtual Cycle*

The planned 3 day charity cycle from the Leeds site to Dusseldorf which was scheduled to take place in September was cancelled due to ongoing covid-19 restrictions. A virtual one-day cycle event was arranged in its place which offered participants the opportunity to ride locally in smaller groups.

The virtual cycle raised over £30,000 for Action for A-T, the chosen charity, and was the fourth year running that the Group has staged its Cycle Challenge event, raising over £350,000 in total.

##### *1948 Challenge*

22 members of staff set themselves the challenge of covering 1,948 miles from the start of May to the end of June to mark the anniversary of the NHS formation on 5 July 1948. Covering a total of over 3,000 miles, the team raised over £3,500 for the NHS Charities Together Covid-19 Appeal.

##### *Ben*

The Group continues to work with Ben, the not-for profit organisation supporting automotive industry employees and their families with problems they are facing. Ben provides a wide range of confidential services, including information, advice and support at no cost including highly regarded care centres at various locations throughout the UK. Further details can be found at [ben.org.uk](http://ben.org.uk)

## STAKEHOLDER INFORMATION *continued*

### ENVIRONMENT

The Group strives to conduct business in a safe, secure, legal and ethical manner, for all interested stakeholders. The Group aims to maintain its assets, properties, land and boundaries in a condition that does not adversely affect or endanger its neighbours and the surrounding communities. The Group abides by the law and local planning requirements and considers and responds promptly to issues or concerns raised by its neighbours regarding the operation of its business.

The Group's locations integrate environmental management into their operational systems and procedures. Environmental performance, in relation to the emission and discharge of pollutants into the air and water, is monitored as part of the Group's operations.

### GREENHOUSE GAS REPORTING

The Group is required by the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013 to measure and report its direct and indirect greenhouse gas ('GHG') emissions.

Direct GHG emissions are from sources that are owned or controlled by the Group. Indirect GHG emissions are a consequence of the activities of the Group that occur from sources owned or controlled by other entities.

Scope 1 emissions: Direct emissions controlled by the Group arising from the combustion of fuel that results from the Automotive Services fleet and company cars. This is regardless of whether the vehicles are owned or leased as the Group is responsible for their emissions.

Scope 2 emissions: Indirect emissions attributable to the Group due to its consumption of purchased electricity and gas.

Scope 3 emissions: Indirect emissions attributable to the Group, which occur at sources which are not owned or controlled and which are not classed as Scope 2 emissions. These emissions arise from business travel in employee-owned vehicles where BCA is responsible for purchasing the fuel.

The methodology used to calculate emissions is based on the GHG Protocol's Corporate Accounting and Reporting Standard approach. Emission factors used are from UK government ('DEFRA') conversion factor guidance applicable to the period reported. These emission factors do not take into account the Group's reduced emissions as a result of using sustainable energy providers across the business.

The report sets out the Group's emissions for the year and prior period; the prior period contains trading activity from 6 November BCAM acquisition date.

		For the year ended 28 March 2021		For the period 10 June 2019 to 29 March 2020
<b>Absolute carbon emissions (tonnes of CO<sub>2</sub>)</b>				
Scope 1		66,780		36,823
Scope 2		6,553		3,828
Scope 3		342		165
		73,675		40,816
<b>Carbon intensity (tonnes of CO<sub>2</sub> per £'m/employee)</b>				
Revenue	£3,454.0m	21.3	£1,460.6m	27.9
Adjusted EBITDA	£214.8m	343.0	£89.1m	458.1
Average employees	7,365	10.0	7,554	5.4

Total energy consumption for the year used to calculate the above emissions was 311,399,944 kWh (period 10 June 2019 to 29 March 2020: 168,359,332 kWh).

## STAKEHOLDER INFORMATION *continued*

### HEALTH AND SAFETY

The health and safety of our employees, contractors, suppliers and visitors to our premises is taken with utmost seriousness by the Group.

The Group's Vehicle Remarketing divisions operate from over 50 locations across the UK and Europe, selling over 1 million vehicles per annum. In addition, the Group operates at 357 locations in the UK to support the Vehicle Buying division. With large numbers of vehicles stored and prepared for sale at these sites and at the auction centres, the Group's employees and members of the public come into close contact with vehicles as they move to and from the auction hall.

The Group's employed and contracted drivers collect and deliver vehicles across both the UK and continental Europe and operate a fleet of more than 900 vehicle transporters. Consequently, the Group's operations are subject to stringent regulations requiring adequate precautions to prevent injuries arising from collisions and impacts with obstacles or other vehicles moving within the Group's locations and on public roads.

Constellation Group is committed to providing a safe working environment wherever it operates, employing a proactive network of health and safety personnel, who share knowledge and experience with the aim of fostering best practice and ensuring consistently high standards of safety across the Group. Health and Safety managers and committees are responsible for monitoring and reporting adherence to the Group's health and safety protocols to their divisional leaders and the Health and Safety Executive Committee which ultimately reports on health and safety matters to the Board.

### SHAREHOLDERS AND FINANCE PROVIDERS

TDR acquired the Group in 2019 taking the company private for the first time since 2015. Working in partnership with management TDR focuses on operational excellence to drive returns by combining ambitious operational plans with a rigorous focus on capital preservation.

The Company has a number of unique and compelling credit strengths for its finance providers, including:

- Market leading positions in all divisions which underpins multiple high barriers to achieving scale for new entrants
- Attractive, stable and underpenetrated market with consistent growth
- Superior business model supported by superior data collection which drives strong cash generation in what is a capital-light model
- Strong and resilient financial profile as evidenced by increased volumes and profitability during the global financial crisis and continued earnings growth in the last 15 years
- Unique platform for accelerated growth supported by key strategic initiatives
- Experienced management consistently delivering organic and inorganic growth

Throughout the covid-19 disruption, lenders have received regular proactive updates on how the situation has impacted the Group's trading and liquidity.

## GOVERNANCE

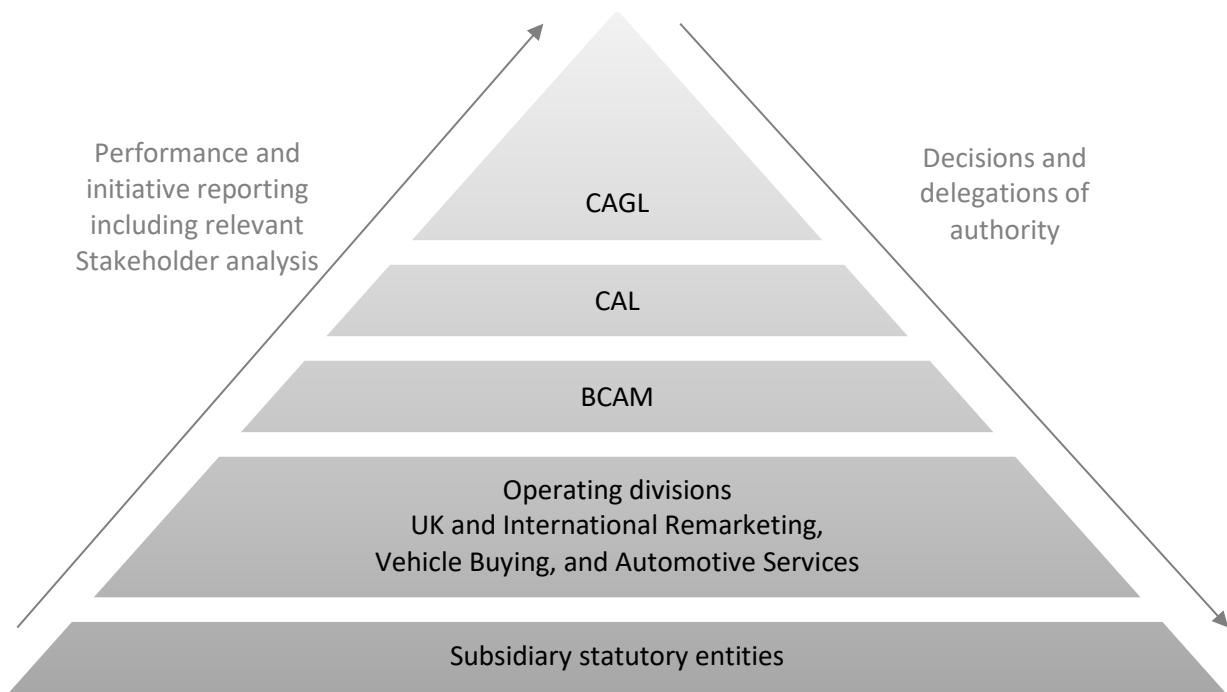
The Group continues to qualify for the enhanced annual reporting disclosure obligations placed upon portfolio companies and private equity in conformity with the Guidelines for Disclosure and Transparency in Private Equity 'The Walker Guidelines'. All required disclosures have been included throughout this annual report.

Regulation 14 of The Companies (Miscellaneous Reporting) Regulations 2018 applies to companies of a certain size to make a statement in the Directors' Report summarising the corporate governance arrangements applied by the company. While CAGL does not fall into scope for this regulation it does have one subsidiary, British Car Auctions Limited, that meets the criteria. Given the structure of the Group's governance arrangements, the expectations of users of the accounts as to where they may see such disclosures and the overlap with certain Walker Guideline disclosures an outline of arrangements is provided below.

### STRUCTURE OVERVIEW

Constellation Automotive Group Limited (formerly BBD Parentco Limited) ('CAGL', or the 'Company') was incorporated on 10 June 2019 along with its subsidiary, Constellation Automotive Limited (formerly BBD Bidco Limited) ('CAL'). On 6 November 2019 Bidco acquired BCA Marketplace plc ('BCAM') and its subsidiaries (the 'BCAM Group') and subsequently CAGL and CAL are holding companies to the BCAM Group. CAGL and its subsidiaries are referred to in this report as 'Constellation Group' or the 'Group'.

The Governance position within the structure previously held by BCAM has been superseded by its direct parent entities CAGL and CAL.



The CAGL board is a subset of the broader CAL 'Board'.

## GOVERNANCE *continued*

The Group's core values underpin a robust framework of governance and compliance. Our values drive a culture of openness and transparency and, by promoting trust and fairness in the marketplace, we approach our business ethically and in the right way. In turn, we expect the same high standards from those we work with including suppliers, contractors and our business partners.

The Board meets regularly and standing matters considered by the Board are: business and financial performance, outlook, health & safety, key initiatives and strategy. Where by exception the board does not meet, written reports giving updates on the performance of the business and operational matters are provided.

Guidance on policies over key areas are provided by the board to the Operating divisions. Such policies include the following:

- Risk & Compliance
- Health & Safety policy
- Anti-Bribery & Corruption policy
- Business Entertainment & Gifts policy
- Conflict of Interest policy
- Whistleblowing policy
- Anti-Money Laundering/Counter Terrorist Financing policy
- Data Protection policy

Our Group comprises a number of Operating divisions, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. This delegation includes the practical implementation and monitoring of the policies over key areas.

Active trading subsidiary statutory entity boards contain representation from the Operating division's leadership team. The leadership teams are charged with making decisions in line with the Group values and with a long term view in mind. On significant decisions the Board and Operating division leadership take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take.

On an annual basis the boards of large active trading subsidiaries formally reflect on Operating division matters and ensure their own local stakeholder relationship and engagement needs have been appropriately taken account of.

### **FRAMEWORK**

The revised structures, policies and procedures the Company and Group have in place are summarised below using the framework principles identified in the Wates Principles published by the Financial Reporting Council in December 2018.

## GOVERNANCE *continued*

### PRINCIPLE ONE: PURPOSE AND LEADERSHIP

#### *Purpose*

Our purpose is to provide trusted innovative solutions to facilitate the change of ownership of vehicles.

Vehicle remarketing services are at the core of the Group's business model, facilitating vehicle transactions between vendors and buyers. This is complemented by a broad range of value enhancing services. For consumers WeBuyAnyCar provides the quickest and most hassle-free car buying service available. At every physical and digital touch point through the business, the Group's systems capture vehicle information. The data and analytics provide insight to optimise our services to achieve improved results for our customers. Knowledge of a vehicle's history and condition allows for efficient scheduling of refurbishment, repair and remarketing, enhancing the change of ownership for participants.

#### *Values and Culture*

We aim for excellence in what we do through the application of the following core values:



These values are key to how we interact with our stakeholders to build a clear sense of purpose and collective vision. For further details see the stakeholder information section on pages 23 to 32.

#### *Strategy*

The Group's strategy is to create value for stakeholders through organic growth and supplemental tactical acquisitions in the automotive sectors in the UK and Europe. We continue to work with all major market participants to develop and adapt integrated solutions to solve and meet the needs of the participants across the automotive sector, maximising value for all stakeholders. For further details see the strategy information on page 22.

#### *Effective ownership*

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales.

The ultimate parent entity is Constellation Automotive Holdings Sarl (formerly BBD Topco Sarl) which has effective ownership of 85% of the immediate parent Constellation Automotive Group Sarl (formerly BBD Group Sarl).

## GOVERNANCE *continued*

### PRINCIPLE TWO: BOARD COMPOSITION

CAGL is controlled by the board of Directors on behalf of the shareholders and the Board provides leadership. The board comprises three Directors operating in a flat structure, two of whom represent TDR. Matters reserved to the board include financing, reporting and putting in place key policy frameworks.

### CONSTELLATION AUTOMOTIVE GROUP LIMITED (FORMERLY BBD PARENTCO LIMITED) DIRECTORS

	Appointment date	Career and experience	Skills and competencies
Tim Lampert Chief Financial Officer	7 November 2019	<p>Tim started his career in manufacturing companies before joining a division of Bombardier Inc. in finance roles in the UK and Middle East. He joined Autologic Holdings Plc in 1997 and held various roles including Finance, Logistics, Projects and Managing Director.</p> <p>He was also involved in a number of acquisitions and disposals and ultimately, the successful sale of this company.</p> <p>Tim is a fellow of the Association of Chartered Certified Accountants.</p>	<p>Tim was instrumental in the Haversham Holdings plc acquisition of the BCA Group and has in-depth sector knowledge. He has extensive experience of finance roles and leading teams responsible for significant budgets. Tim has a strong track record of delivering operational excellence.</p>
Thibaut Large TDR	10 June 2019	<p>Thibaut joined TDR Capital in November 2009. Prior to joining TDR, he spent five years at Apax Partners, where he focussed on leveraged buyouts in the media sector.</p>	<p>Thibaut received an MBA from Harvard Business School, as a Baker Scholar, and an MEng in Aeronautical Engineering, with first class honours, from Imperial College.</p>
Mark Stephens TDR	10 June 2019	<p>Mark joined TDR Capital in September 2012. Prior to joining TDR, Mark worked at Morgan Stanley in London as an Associate in its Private Equity fund and previously as an Analyst in its UK Investment Banking team.</p>	<p>Mark received a degree in Business and Legal Studies, with first class honours, from University College Dublin.</p>

The Company's immediate subsidiary CAL has a Board comprising the same Directors and two further Directors Avril Palmer-Baunack and Manjit Dale. The combined Board, led by Avril Palmer-Baunack, is an industry-leading management team with significant experience in the automotive sector, operations and M&A.

This broader Board meets regularly and considers the Group's strategy, trading and financial performance, risk, outlook, stakeholder considerations and M&A opportunities. For those months where the Board does not meet face to face monthly written reports giving updates on the performance of the business and operational matters are circulated.

## GOVERNANCE *continued*

### ADDITIONAL CONSTELLATION AUTOMOTIVE LIMITED (FORMERLY BBD BIDCO LIMITED) DIRECTORS

	Board appointment	Career and experience	Skills and competencies
Avril Palmer-Baunack Executive Chairman	7 November 2019	<p>Avril has over 20 years executive experience with leading businesses in the automotive, support services, industrial engineering and insurance services sectors. Her automotive operational experience spans vehicle salvage, car hire, auctions, transportation, distribution, logistics, vehicle processing and infrastructure.</p> <p>Avril was previously Executive Chairman and Deputy CEO of Stobart Group plc, one of the largest British multimodal logistics companies with interests in transport, distribution and infrastructure. Prior to this Avril was CEO of Autologic Holdings Plc, the largest finished vehicle logistics company in the UK and Europe. She joined Autologic from Universal Salvage Plc, where she held the position of CEO from March 2005 until the sale of the company to Copart UK Ltd in June 2007.</p> <p>Avril is currently Non-Executive Chairman of Redde Northgate plc.</p>	<p>Through a number of high profile industry roles, Avril has acquired significant experience of delivering operational improvements and implementing business turnarounds, executing organic and acquisitive growth strategies with a proven track record of delivering shareholder value in a public environment.</p>
Manjit Dale TDR	7 November 2019	<p>Manjit founded TDR Capital with Stephen Robertson in 2002, with whom he had previously worked at DB Capital Partners. He has over 25 years' experience in private equity, leveraged finance and consulting. Previously Manjit was Managing Director and Head of DB Capital Partners Europe and predecessor firm BT Capital Partners, which he joined in 1994.</p>	<p>He started his career in the Management Consultancy division of Arthur Andersen and moved into private equity in 1989 with 3i plc, and later with NM Rothschild. Manjit holds a Masters degree in Economics from Cambridge University.</p>

## GOVERNANCE *continued*

### PRINCIPLE TWO: BOARD COMPOSITION *CONTINUED*

CAGL Directors were appointed as CAL Directors on the same date as their CAGL appointment.

Day to day operational management of the Group is delegated to the executive Directors and the Group's businesses through their divisional and functional managers.

The Wates Principles outline that consideration should be given to separating the roles of the chair and chief executive to ensure a balance of power and effective decision making. Following the acquisition of the BCAM Group the role of Executive Chair continues to be held by Avril Palmer-Baunack. Avril's engagement and relationships with the Group's major stakeholders, her significant and unique expertise, knowledge and industry relationships in the UK and Europe, demonstrably contribute to the successful integration, evolution and management of the Group's business.

The Board believes its flat structure, size and composition is the right approach at this stage of the Group's development and remains in the best interests of the Company and its shareholders. The Board is fully aware of the need for succession planning and appropriate plans are in place for the Board and the senior divisional and functional management team.

Board members may take independent professional advice at the Company's expense provided that they give notice to the Executive Chairman.

As the Company continues to evolve, the structure and composition of the Board will continue to be reviewed to ensure it remains fit for purpose.

#### *Diversity*

The Group encourages diversity and recognises the benefits that diversity brings to the organisation. The Board is generally opposed to the use of quotas. Arbitrary quotas restrict the pool of available talent for consideration with regard to a particular role and may therefore leave the business exposed. The Board considers that quotas do not pay due regard to the needs of the business and the development of its existing management and, as such, may not be in the best interests of its stakeholders.

The Company values the range of perspectives, ideas and experiences that diversity provides whether that diversity relates to gender, race, sexual orientation, disability, cultural background, religion or age. We believe that as an inclusive organisation we are able to attract and retain good people which adds value to our business. There is commitment to equal opportunities within the workplace with a genuinely inclusive culture, maintaining a workplace that is fair, respectful and free from discrimination.

For further details on gender diversity and gender pay see the stakeholder employee information on pages 25 to 30.

## GOVERNANCE *continued*

### PRINCIPLE THREE: DIRECTORS' RESPONSIBILITIES

Our core values underpin a robust framework of governance and compliance. Each member of the Board has a clear understanding of their accountability and responsibilities.

#### *Integrity of information*

There is an established framework for internal control, the main elements of which comprise:

- Management of each division and Group function is responsible for maintaining adequate internal controls over financial reporting;
- The Group Accounting and Reporting Manual ('GARM') sets out the Group's accounting policies and expected controls;
- All business units provide monthly consolidated management accounts with relevant, reliable and up-to-date financial and non-financial information to management and are summarised in monthly reporting to the Board which analyses the differences between actual and budgeted results. Annual plans, forecasts, performance targets and long-range financial plans allow management to monitor the key business and financial activities, and progress towards achieving the financial objectives;
- There are clearly identified and defined lines of accountability;
- The Group's IT organisation is responsible for the establishment of IT controls and information security;
- Management have put in place business continuity planning, including preventative and contingency measures, back-up facilities and capabilities. In addition, the Group carries insurance to mitigate against a range of conceivable risk events;
- CAGL has formalised and published its tax strategy which covers tax compliance, tax planning and risk management; and
- There are formal procedures by which staff can, in confidence, raise concerns about possible improprieties in financial administration and other matters, under the Group's whistleblowing policy.

## GOVERNANCE *continued*

### PRINCIPLE FOUR: OPPORTUNITY AND RISK

#### *Opportunity*

The Board seeks out opportunity whilst mitigating risk.

#### *Risk*

Like all businesses, the Group faces a diverse range of risks and uncertainties which could have an adverse effect on its success if not managed. Successful management of our current and emerging risk is paramount to the long term sustainability of the Group's strategic objectives. To achieve these, and given the Group's growth plans, we are prepared to accept a certain level of risk in order to remain competitive and to continue operating in ever changing markets. The Board is clear about the specific risks faced by the business and the level of risk that it is prepared to accept in each part of the business.

#### *Responsibilities*

The Group's risk management process continues to be a core part of operations in the business. Risks are identified and reviewed at operational, functional and Group levels culminating in a Group risk register, which identifies the risk area, the likelihood of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The Board reviews the principal risks identified and the heat maps prepared by management showing how these risks were being managed. The Group's principal risks and uncertainties are set out on pages 42 to 47.

### PRINCIPLE FIVE: REMUNERATION

#### *Setting remuneration*

In setting senior remuneration, the primary objective is to ensure the enhancement of the Group's resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of shareholders.

During the year, a management incentive plan was established to ensure these objectives are met.

#### *Policy for remuneration of employees more generally*

The Group aims to provide a remuneration package that is competitive and which is appropriate to promote long term success. The Group intends to apply this policy fairly and consistently and does not intend to pay more than is necessary to attract and motivate staff.

In respect of senior remuneration, a greater proportion of the remuneration package is 'at risk' and is determined by shareholder value delivered. Key management remuneration is disclosed in the notes to the financial statements.

#### *Employment policies*

All applications for employment within the Group are considered equally based on their merits, and the Group seeks to provide appropriate facilities to help applicants with a disability with their application and attendance for interview, such that they have an equal opportunity to be selected. An employee's needs can change whilst employed by the Group and, where this is the case, the Group will investigate, in consultation with the employee, the possibility of making reasonable and appropriate adjustments to enable them to remain in the Group's employment to undertake their role in accordance with those needs. More information on employment policies is included in the Strategic report on pages 23 to 32.

## GOVERNANCE *continued*

### PRINCIPLE SIX: STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

#### *External impacts*

The Group aims to conduct business in a safe, secure, legal and ethical manner, for all interested stakeholders.

#### *Stakeholders*

We categorise our stakeholders into the following Groups:

- Customers, suppliers and partners
- Shareholders
- Employees including community and charity
- Environment and Health & Safety

Across pages 23 to 32 of the Annual Report you can learn more about how we engage with these parties for mutual long term benefit.

The Board is also advised of stakeholder views in a number of different ways, including:

- The monthly Board report
- Business updates
- Business development analysis and justifications
- Colleague Engagement Team updates
- The Group's annual conference
- Briefings during annual strategy meetings
- The annual budget and business planning process
- Corporate governance and regulatory development updates

Collectively these engagements ensure that information presented to all stakeholders represents a fair, balanced and understandable assessment of the Company's position and prospects.

## RISK MANAGEMENT

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces a range of risks and uncertainties which could have an adverse effect on its success if not managed. These may be specific to the sectors that the Group trades in or wider macroeconomic risks in the different regions of operation. The Group risk management process encompasses the identification, analysis and response to all relevant current, potential and emerging risks and uncertainties, and develops mitigation plans to reduce the likelihood and/or impact of the risks to the lowest extent possible. Across the Group, risk management is considered an integral part of business management and a key element of corporate governance. The Board takes overall responsibility for overseeing the effectiveness of the risk management process, with a particular focus on determining the nature and extent of the risks it is willing to take to achieve its strategic objectives.

#### Coronavirus (covid-19)

At the time of publication of our annual report, the covid-19 outbreak continues to impact the UK, European and Global markets. Our primary focus during the crisis, and remains going forward, is ensuring the safety and wellbeing of our employees, customers and everyone else that comes into contact with the different parts of the Group, and we have implemented suitable measures in line with published government guidance to support this. The covid-19 pandemic has required an on-going reassessment of risks and challenges impacting the operations of the Group, and while the pandemic and its wider economic impact continue to bring uncertainty to different parts of the Group, this is likely to persist for the coming period.

We will continue monitoring and assessing the risks and uncertainties of covid-19 in all our divisions and markets as they emerge.

#### Brexit

There remains a level of political and regulatory uncertainty in the UK following the exit from the European Union and new trade agreement between the UK and Europe. The Board continues to track the potential impact as part of our normal operations.

#### Our approach to principal and emerging risks

The Board is clear about the specific risks faced by the businesses and the level of risk that it is prepared to accept in each part of the business.

Operating divisions regularly maintain and submit their risk registers, which are used to inform the Group view. Each risk register has been compiled following comprehensive assessment of the Group and its competitive environment. Appropriate responses and controls for all risks have been determined to, where possible, eliminate, but more usually mitigate, the impact and likelihood of the risks. Mitigation may include the introduction of additional controls, changes in procedures, increased insurance cover and commercial changes. We capture and monitor areas of emerging risk and uncertainty that do not currently present a significant risk but which have the potential for future adverse risk to the Group.

## RISK MANAGEMENT *continued*

### Description

### Management actions

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#### Economic environment

The wider macroeconomic and geopolitical environment in the UK and the rest of Europe are beyond the control of the Group. Activity levels in the automotive industry can be affected by such factors as the availability of consumer credit, the growth of average wages and the level of unemployment, amongst others, which in turn could impact (over time) the volume of vehicles handled by the Group. Due to the relative size of the UK business, compared to Europe, the Group is more exposed to changes in the UK economic environment.

Management seeks to analyse market conditions on an ongoing basis through the planning and reporting processes. Appropriate actions are developed and implemented to mitigate any adverse impact on the Group. Consideration is given to scalability, adaptability and the provision of a wide range of automotive services throughout the vehicle lifecycle to provide responsiveness and resilience.

Management is particularly focused on the ongoing macroeconomic uncertainties around covid-19 and how it is impacting operations. Used car sales are historically more stable than new car sales and the Group has some strong countercyclical characteristics in a downturn.

#### Risk Tolerance

In managing the constantly changing uncertainties around covid-19 and the long term impact this will cause, we have a low to moderate tolerance.

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#### Strategic

The Group's future operating results are dependent, in part, on its success in implementing its strategic initiatives. The Group's strategic initiatives are focused on expanding its Vehicle Remarketing operations and platforms, its Vehicle Buying division and its Partner Finance business together with expanding the Group's services businesses.

The Group continually seeks to provide an increasingly digital and dynamic future by developing innovative solutions that operate at scale. For more detail see Strategy on page 22. These initiatives require extensive planning and management attention and therefore entail execution risk.

The Group's growth has, in part, been attributable to the acquisition of other businesses, and the Group may continue to expand its business through acquisitions and other business combinations in the future. Diversification of the Group through adding new business activities brings increased complexity and requires additional management resources and skills in order to execute the Group's strategy of developing a more extensive automotive support services business.

Extensive strategic planning, due diligence and integration modelling are conducted to ensure alignment and fit of acquisitions.

Acquisition and organic business development are focused on services complementary to the Group's existing offerings.

Investment is made in management capability and sector expertise.

#### Risk Tolerance

In pursuit of our strategy to be innovative in our product offering we have a moderate to high tolerance for risk.

## RISK MANAGEMENT *continued*

### Description

### Management actions

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#### Commercial

The Group's business is dependent on the flow of vehicles through its services. The Group's key customers provide significant volumes. The loss of a number of these customers, or a significant adverse change in the structure of the marketplace as regards the normal terms of business, could have a material negative impact on the Group's future performance.

The Group's experienced commercial team uses performance monitoring tools and key performance indicators alongside effective communication with our customers to maintain strong commercial relationships, enabling us to anticipate and solve issues as they arise.

Management works to continually improve the digital and physical services required to meet expectations of its customers.

#### Risk Tolerance

In managing our commercial risk, we have a low to moderate tolerance for risk in this area.

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#### Operational

The Group incurs significant employment costs and competes with other employers to recruit and retain people. Within the UK, high employment levels could lead to a scarcity of staff. It may be necessary to increase the wages and salaries required to attract and retain suitable employees in the future. In addition, future legislative changes could lead to an increase in payroll costs.

Availability of suitable land for the storage and handling of vehicles is required to meet the Group's growth plans.

The Group undertakes significant marketing activities in its consumer facing activities, in particular for its Vehicle Buying division, and any material increase in advertising costs could increase the Group's marketing expenses.

The Group incurs significant fuel costs in its logistics operations that may escalate. If the Group is unable to pass on future cost increases to its customers, its operating profit margin could be impacted.

Management monitors market rates for wages and salaries, reviews employee turnover and through exit interviews collates information on the appropriateness of the Group's remuneration structure.

Management works with real estate advisers to identify, lease and manage suitable sites.

Management reviews marketing investment options on an ongoing basis, and undertakes price negotiations appropriate to the scale of the business to allow the Vehicle Buying division to control cost increases and to achieve good value for marketing activities.

Fuel escalation and statutory wage increase clauses are included in customer contracts, where possible, to protect the business from material changes in fuel and employment costs.

#### Risk Tolerance

In managing our operational risk, we have a low to moderate tolerance for risk in this area.

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## RISK MANAGEMENT *continued*

### Description

### Management actions

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#### Competition

The loss of market share to competitors would have an adverse impact on volume, impacting the operational and financial performance of the Group, and as the Group extends its offerings and ventures into new markets, new competitors will emerge.

Management works to maintain a strong market position by ensuring very high standards for each of the services provided by the Group, offering a wide portfolio of well situated sites that provide efficient solutions for customers and the ability to store and manage significant volumes of vehicles.

The UK market is characterised by competitors who do not have the same breadth of service that the Group provides its customer to ease the change in ownership.

Management continues to position the Group as a market leader in innovation through technology to maintain a competitive advantage as new remarketing and distribution channels are created and trialled. The Group continues to invest in its current products as well as developing new offerings to our customers.

#### Risk Tolerance

In managing our competition risk, we have a moderate to high tolerance for risk in this area.

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#### Intellectual property ('IP') and brand

The Group has established names and brands in many of the markets in which it operates. Any significant damage to these could have an adverse impact on the Group's performance. The Group's IP rights include proprietary technology relating to online auction systems as well as trademarks of the Group's brands, business knowledge and copyrights.

The Group's IP rights are protected legally, where possible, in every country in which the Group's products and services are distributed, deployed or made available.

Management works with appropriate media to ensure the best coverage across the different media platforms.

#### Risk Tolerance

In managing our IP and brand risk, we have a moderate tolerance for risk in this area.

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#### Management

A significant change in the Group's senior management could weaken the Group's business and its ability to execute its strategy. The Group's senior management has extensive experience in the industry in which the Group operates and has skills that are critical to the operation of the Group's businesses and the execution of its strategy.

The Board regularly review the senior management remuneration policy and engagement to ensure that both are market appropriate and motivational. Given the scale and success of the business, the Group is confident that it is capable of attracting and retaining management resources of the highest quality.

#### Risk Tolerance

In managing our management risk, we have a moderate tolerance for risk in this area.

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## RISK MANAGEMENT *continued*

Description	Management actions
<b>IT systems and information security</b>	
<p>The business performance of the Group and its ability to service its customers is highly dependent on the IT infrastructure and systems to operate successfully. It is therefore essential that key systems, software and hardware are operational at all times. Failure of these for more than a short period could impact the ability of the Group to support its businesses and have contractual implications which could lead to penalties or other liabilities.</p>	<p>Group IT continues with a strategic programme to remove and upgrade legacy infrastructure following a risk assessed approach to ensure greater resilience leading to a modern, agile platform that will allow for a more secure digital growth.</p>
<p>Cyber security attacks that impact the confidentiality, integrity and availability of our data and systems could result in disruption to customer-facing, supplier-facing and financial systems through theft and misuse of confidential data, damage to or manipulation of operationally critical data or interruption to our IT services, any of which may have serious consequential impacts on the Group's operational performance and reputation leading to penalties, fines and/or regulatory action.</p>	<p>The Group maintains robust business continuity plans and disaster recovery capabilities that are regularly tested. The Group undertakes weekly vulnerability scanning and core systems have annual penetration tests.</p>
	<p>The Group's IT function employs specialist resources to monitor information security, recommending and adopting improvements as necessary and the area continues to invest in additional resources and new technologies to ensure that the Group keeps pace with the increased threats.</p>
	<p>Cyber-attacks are increasing both in their frequency and their sophistication of attack so despite the measures taken by the Group, it is recognised that a cyber-attack on the Group could cause significant disruption and reputational damage.</p>
	<p>The Group's IT systems and information security responded well to the change to remote working requirements following the covid-19 pandemic, and the significant subsequent increase on our online services. We were able to meet the additional systems demands that this placed on the Group.</p>
	<b>Risk Tolerance</b>
	<p>In managing our IT systems and information security risk, we have a low tolerance for risk in this area.</p>
<b>Physical damage</b>	
<p>Natural events, such as hailstorms and flooding or other events such as terrorism, major accidents or theft may impact the Group's physical facilities or affect vehicles stored on the Group's property awaiting sale or other activity.</p>	<p>Management monitors possible causes of physical damage on each site and risks and concerns are reported to ensure that there is full visibility of any potential issues that might occur. Where remedial or preventative action is recommended, management considers the appropriateness of such actions on a commercial basis. Insurance cover is in place to moderate risk.</p>
	<b>Risk Tolerance</b>
	<p>In managing our physical damage risk, we have a moderate tolerance for risk in this area.</p>

## RISK MANAGEMENT *continued*

Description	Management actions
<b>Financial and liquidity</b>	
<p>The Group reports its results in Sterling but operates in the UK and continental Europe and is therefore exposed to foreign currency exchange rate fluctuations.</p>	<p>Management monitors the macroeconomic and legislative changes in the markets in which it operates.</p>
<p>The Group's strategy involves, amongst other things, growing areas of the business that include providing credit facilities to vehicle buyers and buying and holding vehicles in different countries as inventory, on a short term basis, prior to resale through the Group's remarketing centres.</p>	<p>Credit provided to customers is monitored closely, with additional security taken under a risk-based approach.</p>
<p>The Group relies on its finance providers to provide adequate debt to enable the Group to execute its strategies. The Group's financing is all held at floating interest rates. A significant portion of the Group debt is denominated in Euro reflecting lender market demand.</p>	<p>Regular dialogue is held with the Group's banks.</p>
<p>The Group operates in multiple taxation regimes which increases the complexity and risk of compliance with certain indirect taxes such as VAT or its equivalent.</p>	<p>Systems, procedures and controls are regularly reviewed to identify, detect and remediate any transactional issues.</p>
<b>Regulation and legislation</b>	<b>Risk Tolerance</b>
<p>The political and legislative environment within which the Group operates is constantly changing. The Group must comply with an extensive range of regulation and legislation in order to provide its services and solutions both in the UK and across continental Europe, including laws relating to vehicle brokerages and auctions, data protection, competition, consumer protection, health and safety, money laundering, bribery and taxation. Non-compliance to the required standards could lead to significant legal cases and could have an adverse effect on the reputation and performance of the Group.</p>	<p>In managing our financial and liquidity risk, we have a low tolerance for risk in this area.</p>
<p>The Automotive industry is also subject to legislation around environmental issues. These can impact vehicle supply and demand as well as impacting operational activities with increased emission zones that limit the locations where our older transporters can operate.</p>	<p>Management continues to ensure that the central legal function plays a key role within the Group and retains external specialist legal advisers as necessary to support the businesses in the countries in which they operate.</p>
<p>Policies and procedures are in place throughout all areas of the Group to ensure systems, business and central operations all comply with relevant areas of legislation and compliance.</p>	<p>The Group has detailed health and safety procedures and processes in place and employs health and safety teams across the Group.</p>
	<p>Management monitors the impact of legislative and regulatory changes that could adversely affect the supply of vehicles, and regularly reviews the possible impact of these changes. The impact on the used vehicle market of the UK ban on the sale of new petrol and diesel cars by 2030, for example, cannot be assessed at this stage.</p>
	<p>Changes in ownership of vehicles can benefit the Group as all buyers trade up the cascade.</p>
	<p>The Group regularly invests in more modern transporters to improve environmental efficiency.</p>
	<b>Risk Tolerance</b>
	<p>In managing our legal and regulatory risk we have an extremely low tolerance for risk in this area.</p>

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 28 MARCH 2021**

The Directors present their report and audited consolidated financial statements for the year ended 28 March 2021.

The Strategic report can be found on pages 4 to 32 and 42 to 47, and sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year, a description of the principal risks and uncertainties facing the Group, indications of future developments in the business, disclosures around employment, information on stakeholder engagement and reporting of Greenhouse Gas Emissions. The Group's Governance report can be found on pages 33 to 41 and is included by reference in this Directors' report.

### **POST BALANCE SHEET EVENTS**

On 22 April 2021, the Group purchased a property in Corby for £12.0m.

On 12 May 2021, the Group completed the sale and leaseback of a property in Corby for £23.4m.

On 20 May 2021, the Group acquired Rockingham (RT) Limited, Rockingham (GW) Limited and Rockingham (CP) Limited for a combined consideration of £80.0m.

### **NON-FINANCIAL REPORTING STATEMENT**

Non-financial reporting is included within the Strategic report on pages 4 to 32 and 42 to 47. Stakeholders are set out in the business model and on pages 23 to 32. The stakeholder section sets out further information on the Group's policies in respect of employment, modern slavery, anti-corruption, anti-bribery, environmental and community matters. Risks to the business in relation to the above areas are considered within the principal risks and uncertainties section of the Strategic report.

### **DIVIDENDS**

During the year a dividend of £0.1m (period 10 June 2019 to 29 March 2020: £nil) was paid to a non-controlling interest shareholder. The Directors do not propose a final dividend.

### **POLITICAL DONATIONS**

During the year the Group did not make any donations to political parties or other political organisation and did not incur any political expenditure within the meaning of Sections 362 to 379 of the Companies Act 2006.

### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

### **EMPLOYEE, SUPPLIER, AND CUSTOMER RELATIONSHIPS**

Information on how the Company engages with its stakeholders is included in the Strategic report on pages 23 to 32.

### **GREENHOUSE GAS EMISSIONS**

Greenhouse gas emissions disclosure is included in the Strategic report on page 31.

## **DIRECTORS' REPORT** *continued*

### **GOING CONCERN**

The Group maintains a mixture of short to medium term debt, committed credit facilities, finance lease arrangements and cash reserves, which together are designed to ensure that the Group has sufficient available funds to finance its operations. The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom in its committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The covid-19 pandemic has led to some short term disruption to business activity, however the Directors do not consider the markets in which the Group operates to be significantly impacted in the long term.

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### **FINANCIAL RISK MANAGEMENT**

The financial risks the Company is exposed to are set out in the Strategic Report on pages 42 to 47.

### **DIRECTORS**

The Directors of the Company who were in office during the period and up to the date of signing the financial statements can be seen in the Governance section on pages 33 to 41.

### **DIRECTORS' INDEMNITY**

Throughout the period and up to the date of approval of the financial statements the Company, through a Group policy, provided an indemnity for its Directors and Officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

The Group's business activities are set out in more detail in the Strategic report on pages 4 to 32 and 42 to 47.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and the applicable legal requirements of the Companies Act 2006. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group and Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- 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 Group and parent company will continue in business.

## **DIRECTORS' REPORT** *continued*

### **DIRECTORS' RESPONSIBILITIES STATEMENT** *continued*

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each person who was a Director at the time this report was approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **DIRECTORS DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

The Directors of the Company have a duty under Section 172 of the Companies Act to promote the success of the Company. It is set out in the Strategic report on pages 4 to 32 and 42 to 47 and in the Governance section on pages 33 to 41 how the Directors have addressed elements of the Section 172 requirements in the fulfilment of their duties.

### **STRATEGIC REPORT**

In accordance with Companies Act 2006 s.414C(11), certain information required to be contained in the Directors' Report has been set out in the Group's Strategic Report, including non-financial reporting, financial risk management, future developments, disclosure of greenhouse gas emissions and information on engagement with stakeholders.

### **GUIDELINES FOR DISCLOSURE AND TRANSPARENCY IN PRIVATE EQUITY**

The Directors consider the Annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

This report was approved by the Board of Directors on 25 June 2021 and signed on its behalf.



T G Lampert

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE GROUP LIMITED (FORMERLY BBD PARENTCO LIMITED)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

In our opinion, Constellation Automotive Group Limited (formerly BBD Parentco Limited)'s Group financial statements and Company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 28 March 2021 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the 'Annual Report'), which comprise: the consolidated and company balance sheets as at 28 March 2021; the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company cash flow statements, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Audit of cash flow forecasts for a period of at least 12 months from the date of signing of the Group and Company financial statements;
- Consideration of management's key assumptions relating to their going concern assessment including projected future operating cash flows, anticipated financing requirements and compliance with covenants relating to borrowings anticipated to be utilised over the going concern review period; and
- Consideration of management's sensitivity analysis including periods of lowest cash flow headroom and their ability to retain sufficient liquidity to meet their obligations as they fall due even in a severe but plausible downside scenario.

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 group's and 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE GROUP LIMITED (FORMERLY BBD PARENTCO LIMITED) *continued*

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

##### **Conclusions relating to going concern *continued***

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

##### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 28 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

##### **Responsibilities for the financial statements and the audit**

###### *Responsibilities of the directors for the financial statements*

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE GROUP LIMITED (FORMERLY BBD PARENTCO LIMITED) *continued*

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

##### Responsibilities for the financial statements and the audit *continued*

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the financial reporting requirements of the Companies Act 2006 and tax regulatory compliance in the UK and other jurisdictions, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 a potential breach of the financial reporting requirements of the Companies Act 2006 and non-compliance with regulation or laws relating to tax. Audit procedures performed included:

- Financial statement review procedures against Companies Act 2006 requirements; and
- Audit of corporation tax and VAT including tax disclosures within the financial statements and uncertain tax positions

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTELLATION AUTOMOTIVE GROUP LIMITED (FORMERLY BBD PARENTCO LIMITED) *continued*

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *continued*

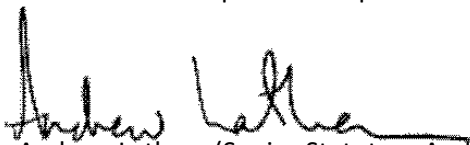
#### OTHER REQUIRED REPORTING

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Crawley  
25 June 2021

## PRIMARY STATEMENTS

### CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Revenue	6	3,454.0	1,460.6
Cost of sales		(3,007.8)	(1,260.7)
<b>Gross profit</b>		<b>446.2</b>	<b>199.9</b>
Operating costs	7	(398.8)	(493.1)
<b>Operating profit/(loss)</b>		<b>47.4</b>	<b>(293.2)</b>
Finance income	9	23.0	0.4
Finance costs	9	(103.4)	(58.9)
Share of loss of equity-accounted investments	31	(1.3)	(0.1)
<b>Loss before income tax</b>		<b>(34.3)</b>	<b>(351.8)</b>
Income tax	11	13.6	(16.7)
<b>Loss for the year/period</b>		<b>(20.7)</b>	<b>(368.5)</b>
Loss from discontinued operations (attributable to equity holders of the company)	19	(4.5)	(4.9)
Loss from continuing operations		(16.2)	(363.6)
<b>Loss for the year/period</b>		<b>(20.7)</b>	<b>(368.5)</b>
<b>Attributable to:</b>			
Equity owner of the Company		(20.7)	(368.7)
Non-controlling interests		-	0.2
		<b>(20.7)</b>	<b>(368.5)</b>

<b>Operating profit/(loss)</b>		<b>47.4</b>	<b>(293.2)</b>
<i>Add:</i>			
Depreciation and amortisation	6	70.5	28.2
Covid-19 related goodwill impairment	6	-	266.4
Amortisation of acquired intangibles	6	73.6	28.9
Share based payment related charges	6	13.0	-
Restructuring costs	6	7.6	1.2
Non-recurring pension costs	6	0.7	-
Non-recurring system costs	6	2.0	-
Transaction costs	6	-	57.6
<b>Adjusted EBITDA</b>		<b>214.8</b>	<b>89.1</b>
<i>Less:</i>			
Depreciation and amortisation	6	(70.5)	(28.2)
Finance costs	9	(103.4)	(58.9)
<i>Add:</i>			
Finance income	9	23.0	0.4
Transaction related finance costs	9	-	0.5
<b>Adjusted profit before income tax</b>		<b>63.9</b>	<b>2.9</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Loss for the year/period	(20.7)	(368.5)
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to the income statement</i>		
Remeasurements on defined benefit schemes, including deferred tax	2.1	(2.5)
<i>Items that may be subsequently reclassified to the income statement</i>		
Foreign exchange translation	(16.6)	15.3
Total other comprehensive (expense)/income, net of tax	(14.5)	12.8
<b>Total comprehensive loss for the year/period</b>	<b>(35.2)</b>	<b>(355.7)</b>
Loss from discontinued operations (attributable to equity holders of the company)	(4.5)	(4.9)
Loss from continuing operations	(30.7)	(350.8)
<b>Total comprehensive loss for the year/period</b>	<b>(35.2)</b>	<b>(355.7)</b>
<b>Attributable to:</b>		
Equity owner of the Company	(35.2)	(355.9)
Non-controlling interests	-	0.2
	<b>(35.2)</b>	<b>(355.7)</b>

## CONSOLIDATED BALANCE SHEET

	Note	As at 28 March 2021 £'m	As at 29 March 2020 £'m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	20	1,937.9	2,036.5
Property, plant and equipment	21	147.5	115.8
Right of use assets	22	416.0	417.0
Equity-accounted investments	31	2.2	1.7
Deferred tax assets	11	0.2	12.1
<b>Total non-current assets</b>		<b>2,503.8</b>	<b>2,583.1</b>
<b>Current assets</b>			
Inventories	13	270.2	94.7
Current tax		1.2	-
Trade and other receivables	14	483.0	406.1
Cash and cash equivalents	12	113.2	247.2
<b>Total current assets</b>		<b>867.6</b>	<b>748.0</b>
<b>Total assets</b>		<b>3,371.4</b>	<b>3,331.1</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	23	(1,279.4)	(1,239.0)
Lease liabilities	16	(468.1)	(464.3)
Net pension deficit	26	(12.4)	(15.1)
Provisions	17	(0.3)	(0.2)
Deferred tax liabilities	11	(179.0)	(215.4)
<b>Total non-current liabilities</b>		<b>(1,939.2)</b>	<b>(1,934.0)</b>
<b>Current liabilities</b>			
Bank overdrafts	12	(0.5)	(33.4)
Bank borrowings	23	(40.0)	(115.0)
Partner Finance borrowings	24	(148.3)	(159.4)
Lease liabilities	16	(40.5)	(36.4)
Trade and other payables	15	(557.9)	(388.6)
Current tax		(7.7)	(2.6)
Provisions	17	(1.2)	(1.3)
<b>Total current liabilities</b>		<b>(796.1)</b>	<b>(736.7)</b>
<b>Total liabilities</b>		<b>(2,735.3)</b>	<b>(2,670.7)</b>
<b>Net assets</b>		<b>636.1</b>	<b>660.4</b>
<b>Equity shareholder's funds</b>			
Share capital	25	0.1	0.1
Share premium	25	1,025.2	1,015.2
Foreign exchange reserve		(1.3)	15.3
Retained earnings		(388.0)	(371.2)
<b>Equity shareholder's funds</b>		<b>636.0</b>	<b>659.4</b>
Non-controlling interests		0.1	1.0
<b>Total shareholder's funds</b>		<b>636.1</b>	<b>660.4</b>

The financial statements on pages 55 to 108 were approved by the Board on 25 June 2021 and were signed on its behalf by:



**T G Lampert**  
Chief Financial Officer

Company registration number: 12042162

## CONSOLIDATED CASH FLOW STATEMENT

	Note	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
<b>Cash flows from operating activities</b>			
Loss for the year/period		(20.7)	(368.5)
Adjustments for:			
Income tax		(13.6)	16.7
Net finance costs		80.4	58.5
Depreciation and amortisation		144.1	57.1
Profit on sale of property, plant & equipment		(0.8)	(0.1)
Impairment of long term assets		1.1	-
Covid-19 related goodwill impairment		-	266.4
Share of loss of equity-accounted investments		1.3	0.1
Retirement benefit obligations		(1.0)	(2.1)
Significant or non-recurring items		2.9	57.6
Changes in working capital:			
Inventories		(176.1)	(26.9)
Trade and other receivables		(76.5)	79.2
Trade and other payables		152.3	(37.3)
Provisions		(0.1)	1.9
<b>Cash generated by operations</b>		<b>93.3</b>	<b>102.6</b>
Partner Finance loan book		(4.0)	4.9
Net interest paid		(44.4)	(27.0)
Lease interest paid		(23.9)	(10.0)
Income tax paid		(6.0)	(6.7)
<b>Net cash inflow from operating activities before acquisition related cash flows</b>		<b>15.0</b>	<b>63.8</b>
Acquisition related cash flows		-	(52.2)
<b>Net cash inflow from operating activities</b>		<b>15.0</b>	<b>11.6</b>
<b>Cash flows from investing activities</b>			
Purchase of long term assets		(61.3)	(27.5)
Proceeds from sale of long term assets		8.0	7.4
Proceeds from disposal of subsidiaries net of cash disposed		4.5	-
Acquisition of equity-accounted investments		(2.0)	(1.8)
Loans to equity-accounted investments		(1.3)	-
Acquisition of subsidiary undertaking, net of cash acquired		-	(1,762.4)
<b>Net cash outflow from investing activities</b>		<b>(52.1)</b>	<b>(1,784.3)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued		10.0	1,015.3
Proceeds from borrowings		143.2	1,363.4
Repayments of borrowings		(160.0)	(357.7)
Financing fees paid		(3.1)	(31.6)
Transactions with non-controlling interests		(2.0)	-
Payments of dividends to non-controlling interest		(0.1)	-
Proceeds from sale and leaseback		1.8	5.0
Principal element of lease payments		(42.6)	(19.5)
Partner Finance borrowings		(11.1)	9.8
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(63.9)</b>	<b>1,984.7</b>
Net (decrease)/increase in cash and cash equivalents		(101.0)	212.0
Foreign exchange on cash held		(0.1)	1.8
Cash and cash equivalents at beginning of the year/period		213.8	-
<b>Cash and cash equivalents at year/period end</b>	12	<b>112.7</b>	<b>213.8</b>

Details of cash flows from discontinued operations are given in note 19.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity owner of the Company

Note	Share capital £'m	Share premium £'m	Foreign exchange reserve £'m	Retained earnings £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
<b>Balance on incorporation at 10 June 2019</b>	-	-	-	-	-	-	-
<i>Total comprehensive (loss)/income for the period</i>							
(Loss)/profit for the period	-	-	-	(368.7)	(368.7)	0.2	(368.5)
Other comprehensive income/(expense)	-	-	15.3	(2.5)	12.8	-	12.8
<b>Total comprehensive (loss)/income for the period</b>	-	-	<b>15.3</b>	<b>(371.2)</b>	<b>(355.9)</b>	<b>0.2</b>	<b>(355.7)</b>
<i>Contributions and distributions</i>							
Net proceeds from shares issued	25	0.1	1,015.2	-	1,015.3	-	1,015.3
<i>Changes in ownership interest</i>							
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	0.8	0.8
<b>Total transactions with owner</b>	<b>0.1</b>	<b>1,015.2</b>	<b>-</b>	<b>-</b>	<b>1,015.3</b>	<b>0.8</b>	<b>1,016.1</b>
<b>Balance at 29 March 2020</b>	<b>0.1</b>	<b>1,015.2</b>	<b>15.3</b>	<b>(371.2)</b>	<b>659.4</b>	<b>1.0</b>	<b>660.4</b>
<i>Total comprehensive income for the year</i>							
Loss for the year	-	-	-	(20.7)	(20.7)	-	(20.7)
Other comprehensive (expense)/income	-	-	(16.6)	2.1	(14.5)	-	(14.5)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(16.6)</b>	<b>(18.6)</b>	<b>(35.2)</b>	<b>-</b>	<b>(35.2)</b>
<i>Contributions and distributions</i>							
Dividends paid to non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
Share based payments	28	-	-	1.0	1.0	-	1.0
Net proceeds from shares issued	25	-	10.0	-	10.0	-	10.0
<i>Changes in ownership interest</i>							
Acquisition of non-controlling interest	-	-	-	0.8	0.8	(0.8)	-
<b>Total transactions with owner</b>	<b>-</b>	<b>10.0</b>	<b>-</b>	<b>1.8</b>	<b>11.8</b>	<b>(0.9)</b>	<b>10.9</b>
<b>Balance at 28 March 2021</b>	<b>0.1</b>	<b>1,025.2</b>	<b>(1.3)</b>	<b>(388.0)</b>	<b>636.0</b>	<b>0.1</b>	<b>636.1</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Constellation Automotive Group Limited (formerly BBD Parentco Limited) ('CAGL', the 'Company') was incorporated as a UK private company limited by shares on 10 June 2019 with a subsidiary entity, Constellation Automotive Limited (formerly BBD Bidco Limited) ('CAL'). CAGL and its subsidiaries are referred to in this report as the 'Group'. The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a UK Limited Liability Partnership registered in England and Wales. TDR is a leading international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past decade.

The Group financial statements consolidate those of the Company and its subsidiaries. The CAGL company financial statements present information about the Company as a separate entity and not about its Group, and can be found on pages 109 to 114.

The Company's accounting reference date is 31 March, and its accounts are prepared to a Sunday within seven days of that date.

### 2. BASIS OF PREPARATION

These consolidated financial statements for the year ended 28 March 2021 have been prepared on a going concern basis in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and the applicable legal requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivatives) at fair value through profit or loss.

The financial statements and the notes to the financial statements are presented in millions of Pounds Sterling ('£m') except where otherwise indicated.

Judgements made by the Directors in the application of the accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial period are discussed in note 5.

#### Going concern

The Group maintains a mixture of short to medium term debt, committed credit facilities, finance lease arrangements and cash reserves, which together are designed to ensure that the Group has sufficient available funds to finance its operations. The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

#### Basis of consolidation

##### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 2. BASIS OF PREPARATION *continued*

#### *Basis of consolidation continued*

##### *Equity-accounted investments*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Joint ventures are all entities over which the Group has significant influence and joint control. This is generally the case where the Group holds 50% of the voting rights. Investments in associates and joint ventures are accounted for under the equity method, where the Group's investment is initially recognised at cost and subsequently adjusted to recognise the Group's share of profit and losses, which are included in the consolidated income statement. Dividends received are recognised as a reduction in the carrying amount of the investment.

Losses applicable to equity-accounted investments are recognised against the carrying value of the investment only to the extent that the losses do not exceed the carrying value. The Group does not recognise further losses unless it incurs obligations or makes payments on behalf of the associate. Losses applicable to non-controlling interests are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### *Intragroup transactions and balances*

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

##### *Foreign currency*

The functional currency of the Company and the majority of entities within the Group is Pounds Sterling because that is the currency of the primary economic environment in which they operate. The Group's presentation currency is Pounds Sterling.

Foreign currency transactions are translated into the respective functional currency of Group entities using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or costs. All other foreign exchange gains and losses are presented in the income statement within other income or other operating costs.

The exchange rates used for the translation of other currencies in Pounds Sterling that have the most significant impact on the Group results are shown in note 27.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 2. BASIS OF PREPARATION *continued*

#### *Consolidation of Group companies*

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities including goodwill, intangible assets arising on acquisition and fair value adjustments arising on consolidation for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and are accumulated in the foreign exchange translation reserve or non-controlling interest.

On disposal of a foreign subsidiary the cumulative amount of the exchange differences recognised in other comprehensive income and accumulated in the foreign exchange translation reserve is recognised in the income statement when the gain or loss on disposal is recognised.

### 3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

#### **New standards and interpretations**

Standards and interpretations which are issued but not yet effective and have not been early adopted by the Group are summarised in the table below.

<b>Standard</b>	<b>Applicable from</b>	<b>Amendments</b>	<b>Expected impact</b>
<b>IFRS 3</b> Reference to the Conceptual Framework	Periods beginning on or after 1 January 2022	The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting, add an exception for recognition of liabilities and contingent liabilities within the scope of IAS 37 and confirm that contingent assets should not be recognised on acquisition.	No impact on these financial statements. IFRS will continue to be consulted when acquisitions are made.
<b>IAS 39, IFRS 7, IFRS 9 &amp; IFRS 16</b> Interest Rate Benchmark Reform Phase 2	Periods beginning on or after 1 January 2021	The amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	Low expected impact
<b>IAS 1</b> Classification of Liabilities as Current or Non-Current	Periods beginning on or after 1 January 2022	Additional guidance on whether to classify debt and other liabilities with an uncertain settlement date as current or non-current.	No expected impact
<b>IAS 37</b> Onerous Contracts – Cost of Fulfilling a Contract	Periods beginning on or after 1 January 2022	Clarification that direct costs of fulfilling a contract include both incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a provision for an onerous contract, an impairment loss is recognised on assets used in fulfilling the contract.	Low expected impact

The amendment to IFRS 16 in respect of covid-19 related rent concessions, applicable for periods commencing on or after 1 June 2020, was applied for the first time in the year ended 28 March 2021. The impact on these financial statements was immaterial.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES

#### (a) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Vehicle auction revenue represents vendor and buyer fees for vehicles sold by the Group together with fees for related services including transportation, inspection, valeting and mechanical checks. Revenue is recognised at the time the service is provided, which is predominantly at the point the vehicle is sold at auction. Revenue represents the fees for the auction service not the value of the vehicle sold, as the Group does not control the vehicle before being transferred from vendor to buyer, and does not incur the significant risks and rewards of ownership as part of the transaction.

In the ordinary course of business at vehicle auctions, in certain circumstances BCA will purchase a vehicle from a vendor in order to honour a sale where, for example, a buyer has reneged on the purchase or there was an error in the sales process. The subsequent resale vehicle proceeds are recognised in full as takeover revenue on the date of resale.

Revenue from outsourced remarketing and other contracts where the Group obtains control and takes legal title to certain vehicles based on contractual agreements, represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. Where the Group does not obtain control, revenue represents the fees for the outsourced remarketing services provided and not the value of the vehicle sold.

Interest and loan origination fees earned in respect of the provision of Partner Finance loans are recognised over the term of the funding and are included within revenue. Fees charged by Partner Finance are recognised evenly over the period that the relevant service is provided.

Vehicle buying revenue represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. Transaction fees charged to customers are recognised on the purchase invoice date and treated as a reduction in the cost of inventory and therefore in the cost of sales.

Revenue for other services, including logistics and automotive services, is recognised once the contracted service has been provided. For transportation or delivery services this is deemed to be when the customer has received the vehicle; for storage services this is deemed to be once an activity has been completed, such as receiving and parking a vehicle, and generally on a daily basis for storage charges; for vehicle repair and vehicle enhancement work this is deemed to be when work has been completed to a stage that can be invoiced to the customer; and for fleet services management this is deemed to be over the period the service is provided on a straight line basis.

#### (b) Advertising and marketing costs

The Group carries out a variety of advertising and marketing activities. These include advertising activities which correlate to the number of vehicles that are acquired by the Group through the Vehicle Buying division and for subsequent sale through the Group's auctions for which revenue is recognised. These direct advertising costs are therefore recognised as a cost of sale. All other indirect advertising and marketing costs are recognised within operating costs.

The cost of advertising design is expensed as incurred and the expense of advertising campaigns is expensed in the income statement in the period in which the advertising space or air time is utilised.

#### (c) Net finance costs

##### *Finance costs*

Finance costs comprise interest payable on borrowings, direct transaction costs, unwinding of the discount on provisions and lease liabilities, net interest cost of defined benefit pension arrangements and foreign exchange losses on finance balances. Transaction costs and original issue discount are amortised over the expected life of the debt using the effective interest method.

##### *Finance income*

Finance income comprises interest receivable on funds invested and foreign exchange gains on finance balances. Interest income is recognised in the income statement as it accrues using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (d) Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with any conditions attaching to them; and that the grants will be received.

The Group recognises income from government grants in the consolidated income statement as a reduction to the expense which the grants are intended to compensate, and recognises the income as the underlying costs are incurred.

#### (e) Income tax

Income tax for the period presented comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxes payable in respect of prior periods. Current tax assets and liabilities are offset only if certain criteria are met.

Provisions for uncertain tax positions are recognised when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that the Group operates, and are measured as appropriate on an expected value or most likely outcome method, in line with the interpretation issued in IFRIC 23.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and timing of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

#### (g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (h) Inventories

Inventories primarily represent vehicles acquired by the Group that have not yet been sold and where the Group has the risk and reward of ownership of such vehicles. Other inventories include vehicle parts. All inventories are stated at the lower of purchase cost and net realisable value. Cost represents expenses incurred in bringing each product to its present location and condition. In the Vehicle Buying division the vehicle cost is net of any administration fees paid to the Group by the seller of the vehicle. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on completion of the sale and disposal.

#### (i) Financial assets

##### *Classification*

The Group classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. These loans and receivables do not contain a significant financing component and are initially recognised at the transaction price. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

##### *Impairment of financial assets*

Impairment provisions are recognised under the expected credit loss model on initial recognition of the receivable. The expected credit loss model is calculated using the simplified approach as there is no significant financing component. This approach requires expected lifetime losses to be recognised based on an expected default rate.

For trade receivables, which are reported net of any provisions, such provisions are recorded in a separate provision account with the loss being recognised within operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### (j) Trade and other payables

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

#### (k) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

##### *Dilapidations*

Provisions for dilapidations are made in respect of property leases on a lease by lease basis and are based on the Group's best estimate of the likely committed cash outflow. Where relevant, these estimated outflows are discounted to net present value.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (l) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis at fair value of the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

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

Goodwill has an indefinite useful life and is not subject to amortisation. As a result it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ('cash generating units'), which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (n) Intangible assets

Intangible assets comprise internally generated software, acquired computer software, and intangible assets such as customer relationships and brand arising as part of the assessment of assets on the acquisition of a business. These are carried at cost less accumulated amortisation and any recognised impairment loss.

Costs relating to the development of computer software for internal use are capitalised once all the development phase recognition criteria of IAS 38 are met. Costs incurred before this point are expensed as incurred and are not recognised as an asset in a subsequent period. The assessment identifies unique software products that are controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year. Salary and related employment costs that are directly attributable to the development of the software are then capitalised. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amortisation and impairment are charged to operating costs in the period in which they arise. Amortisation is calculated on a straight line basis from the date on which the assets are brought into use, with useful lives as indicated below:

Customer relationships	12 - 20 years
Brand	15 - 25 years
Software – Internally generated	3 - 10 years
Software – Acquired	3 - 7 years, or the licence term if shorter

Assets acquired through business combinations are amortised over the remaining useful life at acquisition.

Amortisation periods and methods are reviewed annually and adjusted if appropriate. For the Group's impairment policy on non-financial assets see (m) Impairment of non-financial assets.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (o) Goodwill

Goodwill arises on the acquisition of subsidiaries and is recognised initially as the excess of the consideration transferred, over the Group's interest in fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash generating units, which are no higher than an operating segment prior to aggregation, and is not amortised but is tested annually for impairment.

An impairment charge is recognised in the income statement for any amount by which the carrying value of goodwill exceeds its recoverable amount. Goodwill that is not denominated in Sterling is retranslated at each balance sheet date.

#### (p) Property, plant and equipment

##### *Owned assets*

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and when the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

##### *Assets under construction*

The costs of assets that are being constructed are capitalised as described in the Owned assets paragraph above. Assets under construction are not depreciated until the asset is deemed to be available for use. For the asset to be available for use it has to be in the location and condition necessary for it to be capable of operating in the intended manner. Once the asset is available for use it is no longer classified as an asset under construction and is instead depreciated like any other item of property, plant and equipment.

##### *Depreciation*

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land and assets under construction are not depreciated. The rates of depreciation are as follows:

Land and buildings	50 years or the unexpired lease term if shorter
Fixtures, fittings and equipment	2 - 10 years
Plant, machinery and motor vehicles	3 - 25 years

Assets acquired through business combinations are depreciated over the remaining useful life at acquisition. The residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. For the Group's impairment policy on non-financial assets see (m) Impairment of non-financial assets.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (q) Leases

##### *The Group as a lessee*

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. 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 asset are consumed.

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

The lease liability is presented as a separate line in the consolidated statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the change in lease payments is due to a change in a floating interest rate, in which case a revised discount rate is used).
- the lease payments substantially change or other rent concessions are agreed with the lessor during the lease term.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group elects not to remeasure the lease liability when a significant change or rent concession has occurred as a direct consequence of the covid-19 pandemic, provided: the revised consideration is substantially the same as, or less than, the consideration immediately preceding the change, any reduction in lease payments only affects payments originally due on or before 30 June 2022; and there is no other substantive change to the lease terms.

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

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right of use asset, unless those costs relate to assets which are accounted for as short term assets.

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

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. The Group has elected to not apply IFRS 16 to leases of intangibles.

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 4. ACCOUNTING POLICIES *continued*

#### (q) Leases *continued*

##### *The Group as a lessor*

The Group enters into lease agreements as a lessor with respect to some of its properties. These are classified as operating leases unless the terms of the lease substantially transfer all the risks and rewards of ownership to the lessee.

Where the Group is an intermediate lessor, the head lease and sublease are accounted for separately.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### (r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and original issue discounts incurred. Borrowings are subsequently carried at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. Fees and discounts are amortised using the effective interest rate method based on the expected future cash flows. The impact of changes in expected cash flows are recognised as a profit or loss within finance costs in the period in which the expectation of future flows change.

#### (s) Share capital

Ordinary shares are classified as equity.

#### (t) Employee benefits

##### *Pension obligations*

The Group operates defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The defined benefit plans operated by the Group in the United Kingdom are closed to new members. The costs of providing benefits under the plans are determined using the projected unit credit actuarial valuation method.

The current service cost is included in operating costs in the consolidated income statement. Past service costs are similarly included where the benefits have vested, otherwise they are amortised on a straight line basis over the vesting period. Administrative scheme expenses associated with the plans are recorded within operating costs when incurred in line with IAS 19. Net interest income or interest cost relating to the funded defined benefit pension plans is included within finance income or finance costs as relevant in the consolidated income statement.

Changes to the retirement benefit obligation or asset due to experience and changes in actuarial assumptions are included in the consolidated statement of comprehensive income, presented as remeasurements of the defined benefit scheme in full in the period in which they arise.

Where scheme assets exceed the defined benefit obligation the net asset is only recognised to the extent that an economic benefit is available to the Group in accordance with the terms of the scheme and where consistent with relevant statutory requirements.

#### (u) Share based payments

The Group operates equity-settled, share based plans. The expense recognised represents the difference between the fair value of the awards granted and the consideration invested by the recipients. The fair value of the awards granted is determined by independent valuations.

The cost of equity-settled transactions are recognised with a corresponding increase in retained earnings over the period during which the relevant employees are expected to become fully entitled to the award (vesting date).

## NOTES TO THE FINANCIAL STATEMENTS *continued*

### 5. CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements under IFRSs requires the Directors and management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Accounting policies are reviewed annually for appropriateness. Estimates and judgements are evaluated continually and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, with any changes arising being recognised in the period in which the change in estimate is made or the final result determined.

Certain of the Group's significant accounting policies are considered by the Directors to be critical because of the level of complexity, judgement or estimation involved in their application and their impact on the consolidated financial statements. Unusual or significant transactions in the period that require judgement are identified in the related note. Existing judgements, where applicable, are contained within the accounting policies.

Details of the accounting estimates and judgements can be found in the following notes:

Page			Estimate	Judgement
76	Note 11	Taxation	✓	
80	Note 14	Trade and other receivables	✓	
81	Note 16	Lease liabilities	✓	
83	Note 18	Acquisitions	✓	✓
86	Note 20	Intangible assets	✓	
92	Note 26	Pensions and other post-retirement benefits	✓	

## RESULTS FOR THE YEAR

The following pages provide information about the financial performance for the period on a segmental and Group basis.

A detailed narrative regarding Group and divisional performance has been provided in the Group operating review section on pages 6 to 16. The key performance indicators and adjusted EBITDA are presented and defined in note 6. These are considered key performance indicators because management use these measures to assess long and short term performance of the Group on a periodic basis.

This section also provides details of the primary operating and finance costs, as well as providing analysis on employee related information and taxation.

## 6. SEGMENTAL REPORTING

### Non-GAAP measures

#### Key Performance Indicator – adjusted EBITDA

Management uses an adjusted profit measure to monitor the ongoing profitability of the Group, which is defined as Earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjusted for significant or non-recurring items ('SONR'). The SONR items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- Income and expenses that are significant or non-recurring or non-trading in nature, including business closure costs, restructuring costs and share based payment related charges;
- Impairment charges and accelerated depreciation and amortisation on property, plant and equipment, intangibles and goodwill;
- Amortisation of intangible assets arising on acquisition;
- Acquisition expenses and gains and losses on business combinations, disposals and changes in ownership.

The Directors primarily use the adjusted EBITDA measure when making decisions about the Group's activities as it is the most reliable and relevant profit measure across all segments. Amortisation of intangible assets arising on acquisition are excluded because they reflect the nature of the acquisition accounting, and are not reflective of underlying business performance. Share based payment related charges are excluded as the initial implementation and ongoing costs are significant or non-recurring and are not reflective of underlying business performance. As this is a non-GAAP measure, adjusted EBITDA measures used by other entities may not be calculated in the same way and hence may not be directly comparable.

All non-GAAP measures are reconciled back to statutory equivalents. They are provided with the clear intention to aid understanding of performance.

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used both to assess performance and make strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8 Operating Segments.

The Board of Directors consider the business to be split into the four main revenue-generating divisions: UK Vehicle Remarketing, International Vehicle Remarketing, Vehicle Buying and Automotive Services. Group Costs comprise central head office functions and any costs not directly attributable to the segments.

Information on segment assets and liabilities is not regularly reported to the Board of Directors and is therefore not disclosed.

## RESULTS FOR THE YEAR *continued*

### 6. SEGMENTAL REPORTING *continued*

For the year ended 28 March 2021						
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK £'m	International £'m	£'m	£'m	£'m	£'m
<b>Revenue</b>						
Total revenue	1,312.8	191.4	1,685.1	354.7	1.6	3,545.6
Inter-segment revenue	(3.9)	(1.3)	(19.8)	(66.2)	(0.4)	(91.6)
<b>Total revenue from external customers</b>	<b>1,308.9</b>	<b>190.1</b>	<b>1,665.3</b>	<b>288.5</b>	<b>1.2</b>	<b>3,454.0</b>
Sale of goods	1,048.0	16.2	1,662.4	-	-	2,726.6
Rendering of services	246.0	173.9	2.9	288.5	1.2	712.5
Interest	14.9	-	-	-	-	14.9
<b>Total revenue from external customers</b>	<b>1,308.9</b>	<b>190.1</b>	<b>1,665.3</b>	<b>288.5</b>	<b>1.2</b>	<b>3,454.0</b>
<b>Adjusted EBITDA</b>	115.3	33.9	44.5	34.1	(13.0)	214.8
Depreciation and amortisation	(26.9)	(8.4)	(1.8)	(32.5)	(0.9)	(70.5)
	88.4	25.5	42.7	1.6	(13.9)	144.3
Amortisation of acquired intangibles	(47.4)	(15.7)	(9.5)	(1.0)	-	(73.6)
Restructuring costs	(6.1)	(0.4)	-	(0.7)	(0.4)	(7.6)
Share based payment related charges	-	-	-	-	(13.0)	(13.0)
Non-recurring pension costs	(0.1)	-	-	(0.6)	-	(0.7)
Non-recurring system costs	(2.0)	-	-	-	-	(2.0)
<b>Operating profit/(loss)</b>	<b>32.8</b>	<b>9.4</b>	<b>33.2</b>	<b>(0.7)</b>	<b>(27.3)</b>	<b>47.4</b>
Finance income						23.0
Finance costs						(103.4)
Share of loss of equity-accounted investments						(1.3)
<b>Loss before income tax</b>						<b>(34.3)</b>
<b>Additions to non-current assets</b>						
Equity-accounted investments	-	1.8	-	-	0.2	2.0
Capital expenditure	46.9	8.5	2.6	35.5	22.6	116.1
Underlying capital expenditure	11.8	7.3	2.4	14.7	22.6	58.8

Revenue with external customers in the UK and Ireland represents £3.1bn (period 10 June 2019 to 29 March 2020: £1.3bn), with the other £0.4bn (period 10 June 2019 to 29 March 2020: £0.2bn) being generated within Europe. Revenue by type is shown above.

Additions to investments accounted for using the equity method are described further in note 18.

Underlying capital expenditure includes £19.7m in respect of a vehicle preparation site in Corby.

## RESULTS FOR THE YEAR *continued*

### 6. SEGMENTAL REPORTING *continued*

For the period 10 June 2019 to 29 March 2020

	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK £'m	International £'m	£'m	£'m	£'m	£'m
<b>Revenue</b>						
Total revenue	548.0	79.2	682.4	167.5	0.2	1,477.3
Inter-segment revenue	(2.0)	(0.4)	-	(14.2)	(0.1)	(16.7)
<b>Total revenue from external customers</b>	<b>546.0</b>	<b>78.8</b>	<b>682.4</b>	<b>153.3</b>	<b>0.1</b>	<b>1,460.6</b>
Sale of goods	391.7	-	681.5	-	-	1,073.2
Rendering of services	147.2	78.8	0.9	153.3	0.1	380.3
Interest	7.1	-	-	-	-	7.1
<b>Total revenue from external customers</b>	<b>546.0</b>	<b>78.8</b>	<b>682.4</b>	<b>153.3</b>	<b>0.1</b>	<b>1,460.6</b>
<b>Adjusted EBITDA</b>	56.6	14.9	9.0	17.5	(8.9)	89.1
Depreciation and amortisation	(10.5)	(3.1)	(0.7)	(13.4)	(0.5)	(28.2)
	46.1	11.8	8.3	4.1	(9.4)	60.9
Amortisation of acquired intangibles	(18.8)	(6.0)	(3.8)	(0.3)	-	(28.9)
Covid-19 related goodwill impairment	(154.6)	-	(111.8)	-	-	(266.4)
Transaction costs	-	-	-	-	(57.6)	(57.6)
Restructuring costs	-	(1.2)	-	-	-	(1.2)
<b>Operating (loss)/profit</b>	<b>(127.3)</b>	<b>4.6</b>	<b>(107.3)</b>	<b>3.8</b>	<b>(67.0)</b>	<b>(293.2)</b>
Finance income						0.4
Finance costs						(58.9)
Share of loss of equity-accounted investments						(0.1)
<b>Loss before income tax</b>						<b>(351.8)</b>
<b>Additions to non-current assets</b>						
Equity-accounted investments	-	1.8	-	-	-	1.8
Capital expenditure	10.5	4.7	1.4	17.2	6.1	39.9
Underlying capital expenditure	7.6	2.2	1.3	9.0	1.0	21.1

Underlying capital expenditure excludes right of use asset additions and the purchase of transporters that were subject to sale and leaseback.

## RESULTS FOR THE YEAR *continued*

### 7. OPERATING COSTS

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Employment costs	159.7	64.4
Short term lease expense	4.9	2.4
Low value lease expense	0.4	0.2
Variable lease expense	2.9	1.4
Depreciation of property, plant and equipment and right of use assets	43.4	20.3
Amortisation of intangible assets	83.0	32.7
Covid-19 related goodwill impairment	-	266.4
Income from sub-leasing long term assets	(1.6)	(0.3)
Other operating costs	106.1	105.6
<b>Operating costs</b>	<b>398.8</b>	<b>493.1</b>

### 8. EMPLOYEES AND DIRECTORS

Staff costs for the Group during the period:

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Wages and salaries	208.6	97.0
Pension costs	7.1	4.5
Social security costs	25.0	11.8
Share based payment expense (see note 28)	1.0	-
<b>Total gross employment costs</b>	<b>241.7</b>	<b>113.3</b>
Staff costs capitalised	(3.3)	(1.8)
<b>Total employment cost expense</b>	<b>238.4</b>	<b>111.5</b>

Average monthly number of people employed (including Executive Directors) by reportable segment:

	For the year ended 28 March 2021 Number	For the period 10 June 2019 to 29 March 2020 Number
UK Vehicle Remarketing	2,148	2,279
International Vehicle Remarketing	920	970
Vehicle Buying	799	747
Automotive Services	3,421	3,487
Group	77	71
<b>Total employee numbers</b>	<b>7,365</b>	<b>7,554</b>

For the period 10 June 2019 to 29 March 2020, the employee numbers reflect the average number of employees since acquisition.

## RESULTS FOR THE YEAR *continued*

### 8. EMPLOYEES AND DIRECTORS *continued*

#### Retirement benefits

The Group offers membership of defined contribution schemes in the UK and Europe. The pensions cost in the period to 28 March 2021 was £6.4m (period 10 June 2019 to 29 March 2020: £4.0m).

In addition, the Group operates the BCA Pension Plan and the Automotive Pension Plan. The BCA Pension Plan and the Automotive Pension Plan are defined benefit schemes closed to new members. Further information is set out in note 26.

#### Government grants

During the year, the Group received government grants primarily from the UK Government's Coronavirus Job Retention Scheme ('CJRS') and other equivalent government schemes across Europe. Total grant income for the year of £35.5m (period 10 June 2019 to 29 March 2020: £1.1m) was recognised as a reduction to wages and salaries costs and enables the Group to continue the employment of staff who were unable to contribute to the trading activity of the Group as a result of covid-19 related restrictions.

### 9. NET FINANCE COSTS

	Note	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Interest payable		79.1	29.5
Interest expense on lease liabilities		23.9	10.0
Net interest expense on retirement benefit obligations	26	0.4	-
Unwinding of discount on liabilities		-	0.6
Foreign exchange		-	18.3
Transaction related finance costs		-	0.5
<b>Finance costs</b>		<b>103.4</b>	<b>58.9</b>

		For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Interest income		1.6	0.4
Foreign exchange		21.4	-
<b>Finance income</b>		<b>23.0</b>	<b>0.4</b>

Foreign exchange mainly arises on revaluation of cash and cash equivalents and borrowings, which can be seen in note 27.

## RESULTS FOR THE YEAR *continued*

### 10. AUDITOR'S REMUNERATION

During the year/period the Group (including its overseas subsidiaries) obtained the following services from the Group auditor with fees as detailed below:

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Fees payable to the Group auditor and its associates for the audit of the Parent Company and consolidated financial statements	0.1	0.1
Fees payable to the Group auditor and its associates for other services:		
– The audit of Group subsidiaries	1.0	0.9
– Other services	-	1.1
<b>Total auditor's remuneration</b>	<b>1.1</b>	<b>2.1</b>

Included in fees payable to the Group auditor and its associates for the audit of the Parent Company and consolidated financial statements is £0.1m (period 10 June 2019 to 29 March 2020: £0.1m) relating to the audit of the Company's financial statements. Other services in the prior period primarily reflect costs in relation to the acquisition.

### 11. TAXATION

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
<b>Current taxation</b>		
Current tax on loss for the period	10.2	5.4
Adjustments in respect of prior periods	(0.3)	-
<b>Total current tax charge</b>	<b>9.9</b>	<b>5.4</b>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	(22.9)	(6.3)
Adjustments in respect of prior periods	(0.3)	-
Changes in recognition of deferred tax	(0.3)	17.6
<b>Total deferred tax (credit)/charge</b>	<b>(23.5)</b>	<b>11.3</b>
<b>Income tax (credit)/charge</b>	<b>(13.6)</b>	<b>16.7</b>

#### Critical accounting estimates – taxation

Accruals for current tax and amounts payable under local indirect taxes such as sales taxes and VAT are based on management's interpretation of country specific tax law, and require judgements about the likelihood that tax positions taken will be sustained. Management estimates the amount of taxes payable based upon their analysis and determines whether provision should be made for potential settlement of disputed positions which are under negotiation. Any estimated exposure to interest on tax liabilities is provided for in the related tax amount.

## RESULTS FOR THE YEAR *continued*

### 11. TAXATION *continued*

#### Current tax

The tax charge for the year/period differs from the standard rate of corporation tax in the UK of 19.0%. The differences are explained below:

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Loss on ordinary activities before tax	(34.3)	(351.8)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0%	(6.5)	(66.8)
Effects of:		
Expenses not deductible for tax purposes	-	65.7
Income not subject to tax	(3.0)	-
Group relief	(3.8)	-
Changes in recognition of deferred tax	(0.3)	17.6
Effect of different tax rates on profits earned outside the UK	0.6	0.2
Adjustments in respect of prior periods	(0.6)	-
<b>Total taxation (credit)/charge</b>	<b>(13.6)</b>	<b>16.7</b>

The Group has operations across Europe, however, the principal location of trading where the majority of business profits are derived is the UK. The effective tax rate has therefore been referenced to the UK corporation tax rate of 19.0% for both the current year and prior period.

#### *Effective tax rate*

The effective tax rate for the period of 39.6% is different to the standard rate of corporation tax in the UK principally as a result of the following differences:

- Group relief purchased for lower payment than 19.0% applied to losses surrendered; and
- Non-taxable foreign exchange gains arising on the Group's external Euro borrowings.

On 3 March 2021 it was announced that the UK's main rate of corporation tax is due to increase from 19% to 25% from 1 April 2023. The increase in the rate was not substantively enacted by the balance sheet date and therefore is not reflected in the tax charge for the year. The future increase in the tax rate would result in an additional deferred tax charge of approximately £39.0m in the year of enactment.

The Group is routinely subject to audit by tax authorities in the territories in which it operates. Where points are investigated, the Group considers each issue on its merits and, where appropriate, holds a provision in respect of the potential tax liability which may arise. Provisions for uncertain tax positions are recognised when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that the Group operates, and are measured as appropriate on an expected value or most likely outcome method, in line with the interpretation issued in IFRIC 23. There are no provisions that are individually or collectively material.

## RESULTS FOR THE YEAR *continued*

### 11. TAXATION *continued*

#### Deferred tax

##### Critical accounting estimates – deferred tax

Deferred tax assets and liabilities represent management's best estimate in determining the amounts to be recognised. When assessing the extent to which deferred tax assets should be recognised, consideration is given to the timing and level of future taxable income.

Deferred tax	Property, plant and equipment £'m	Lease liabilities £'m	Pension deficit £'m	Losses carried forward £'m	Interest restricted under CIR £'m	Intangible assets £m	Fair value adjustments on PPE £m	Other £m	Total £'m
Assets	3.0	4.4	2.8	0.2	-	-	-	1.7	12.1
Liabilities	(0.9)	-	-	-	-	(211.6)	(2.2)	(0.7)	(215.4)
<b>At 30 March 2020</b>	<b>2.1</b>	<b>4.4</b>	<b>2.8</b>	<b>0.2</b>	<b>-</b>	<b>(211.6)</b>	<b>(2.2)</b>	<b>1.0</b>	<b>(203.3)</b>
(Charged)/credited to:									
Income statement	(0.3)	(0.1)	0.1	(0.2)	8.7	15.0	(0.2)	0.5	23.5
Other comprehensive income	-	-	(0.6)	-	-	1.6	-	-	1.0
<b>At 28 March 2021</b>	<b>1.8</b>	<b>4.3</b>	<b>2.3</b>	<b>-</b>	<b>8.7</b>	<b>(195.0)</b>	<b>(2.4)</b>	<b>1.5</b>	<b>(178.8)</b>
Assets	-	0.2	-	-	-	-	-	-	0.2
Liabilities	1.8	4.1	2.3	-	8.7	(195.0)	(2.4)	1.5	(179.0)
<b>At 28 March 2021</b>	<b>1.8</b>	<b>4.3</b>	<b>2.3</b>	<b>-</b>	<b>8.7</b>	<b>(195.0)</b>	<b>(2.4)</b>	<b>1.5</b>	<b>(178.8)</b>

A deferred tax asset has been recognised in respect of interest deductions restricted in the current period under the UK's corporate interest restriction (CIR) regulations to the extent that it offsets against deferred tax liabilities created in the accounting for business combinations.

Deferred tax liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balance on a net basis.

#### *Deferred tax on losses not recognised*

As at 28 March 2021 a deferred tax asset relating to tax losses of £4.2m has not been recognised (2020: £4.2m). Due to the nature of the losses and resulting restrictions on their use it is not expected that the asset will reverse in future periods based on current forecasts.

## WORKING CAPITAL AND PROVISIONS

This section details the assets and liabilities that are directly generated through the Group's trading activities. This includes cash and cash equivalents, inventories, trade and other receivables, and trade and other payables. It also includes provisions, commitments and contingencies.

In respect of the Vehicle Remarketing divisions, trade receivables includes the gross auction proceeds due from buyers, regardless of whether the vehicle was owned by the Group. Gross auction proceeds represent the full value of the vehicles sold, not just the fees recognised in the income statement. Correspondingly, trade payables also includes the auction proceeds due to external vendors of vehicles.

Inventories includes vehicles only where the Group holds the risk and rewards of ownership, as detailed in accounting policy (h). This mainly relates to the Vehicle Buying division and outsourced remarketing contracts with the UK Vehicle Remarketing division.

## 12. CASH AND CASH EQUIVALENTS

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Gross amount of recognised financial assets: Cash at bank and in hand	113.2	247.2
Gross amount of recognised financial liabilities: Bank overdrafts	(0.5)	(33.4)
<b>Net cash at bank and in hand</b>	<b>112.7</b>	<b>213.8</b>

The Group has a legal right of offset over specified bank accounts but does not intend to settle these balances on a net basis, and therefore has presented cash and cash equivalents gross of overdrafts at the balance sheet date.

## 13. INVENTORIES

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Gross inventories	277.6	102.4
Inventory provision	(7.4)	(7.7)
<b>Net inventories</b>	<b>270.2</b>	<b>94.7</b>

Inventories recognised as an expense and charged to cost of sales for the period to 28 March 2021 were £2.7bn (period 10 June 2019 to 29 March 2020: £1.1bn). Write-down of inventories recognised as an expense in the period to 28 March 2021 amounted to £0.8m (period 10 June 2019 to 29 March 2020: £3.0m).

## WORKING CAPITAL AND PROVISIONS *continued*

### 14. TRADE AND OTHER RECEIVABLES

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Trade receivables not past due	297.1	257.4
Trade receivables past due	48.7	74.7
Loss allowance	(5.4)	(5.2)
<b>Net trade receivables</b>	<b>340.4</b>	<b>326.9</b>
Other receivables	41.7	30.4
Accrued income	28.1	30.3
Prepayments	20.7	18.5
Amounts due from related parties (see note 29)	52.1	-
<b>Total trade and other receivables</b>	<b>483.0</b>	<b>406.1</b>

As at 28 March 2021 £207.4m (2020: £203.4m) of trade receivables were due from customers under Partner Finance arrangements and are secured on vehicles held by those customers. Trade and other receivables are presented as current assets and there is no difference between the carrying amount and the fair value. Trade and other receivables are considered past due once they have passed their contracted due date. Movements on loss allowances for trade receivables are as follows:

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
At start of year/period	(5.2)	-
Acquired through business combinations	-	(4.1)
Increase in loss allowance recognised during the period	(1.2)	(1.5)
Utilisation of loss allowance during the period	0.5	0.3
Unused amounts reversed	0.4	0.2
Foreign exchange movements	0.1	0.1
<b>At year/period end</b>	<b>(5.4)</b>	<b>(5.2)</b>

#### Critical accounting estimates – trade and other receivables

Loss allowances for trade receivables due from customers under Partner Finance arrangements are recognised under the expected credit loss model on initial recognition of the receivable. Management are required to develop estimates of credit risk using the best available information about past events, current conditions and forecasts of economic conditions. Partner Finance receivables are asset backed, providing a level of protection based on the value and recovery of the asset. Management apply judgement in assessing whether there is a significant change in credit risk which would impact the expected credit loss allowance recognised.

The creation and release of loss allowances on trade receivables in the period has been included in operating costs in the income statement.

The ageing of receivables is as follows:

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Not past due and not impaired	297.1	257.4
Up to 30 days overdue and not impaired	25.7	59.5
Up to 30 days overdue and impaired	0.5	0.2
Past 30 days overdue and not impaired	17.6	9.9
Past 30 days overdue and impaired	4.9	5.1
Total trade receivables	345.8	332.1
Loss allowance	(5.4)	(5.2)
<b>Net trade receivables</b>	<b>340.4</b>	<b>326.9</b>

## WORKING CAPITAL AND PROVISIONS *continued*

### 15. TRADE AND OTHER PAYABLES

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Trade payables	301.2	244.7
Social security and other taxes	35.6	29.3
Accruals and other payables	221.1	114.6
<b>Total trade and other payables</b>	<b>557.9</b>	<b>388.6</b>

### 16. LEASE LIABILITIES

#### Critical accounting estimates – leases

Management use a lease specific incremental borrowing rate to discount the future lease liabilities, where the interest rate implicit in the lease is not readily available. Using an incremental borrowing rate requires management to estimate the rate of interest that would be paid to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

The Group leases various properties and other assets under lease agreements. The leases have varying terms, including escalation clauses, renewal rights and purchase options. None of these terms represent unusual arrangements.

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Current lease liabilities	40.5	36.4
Non-current lease liabilities	468.1	464.3
<b>Total lease liabilities</b>	<b>508.6</b>	<b>500.7</b>

As at 28 March 2021, there were commitments to future undiscounted lease payments of £0.5m (2020: £0.1m) in respect of leases which had not yet commenced.

The total cash outflow for leases including short term leases, low value leases and variable payments was £75.6m (2020: £33.5m).

## WORKING CAPITAL AND PROVISIONS *continued*

### 17. PROVISIONS, COMMITMENTS AND CONTINGENCIES

#### Provisions

	Other £'m
As at 30 March 2020	(1.5)
Additional provisions	(0.4)
Utilisation of provision during the period	0.1
Released during the period	0.3
<b>As at 28 March 2021</b>	<b>(1.5)</b>

Analysis of maturity profile:

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Current provisions	(1.2)	(1.3)
Non-current provisions	(0.3)	(0.2)
<b>Total provisions</b>	<b>(1.5)</b>	<b>(1.5)</b>

The balance primarily relates to dilapidations provisions, which were made in order to make good any defects within leasehold buildings used within the business.

#### Capital commitments

Capital commitments at 28 March 2021 were £10.7m (2020: £7.7m).

#### Contingencies

At any point in time the Company and its subsidiaries may be party to various legal proceedings, some of which may involve claims for damages. The outcome of such proceedings cannot be readily foreseen. Management believes that there are no disputes with any third parties that would result in a material liability for the Group.

## LONG TERM ASSETS

This section outlines the acquisitions made by the Group in the period, as well as the tangible and intangible assets held by the Group.

Tangible assets include the physical assets which are used by the Group in the course of business which generate, or contribute to the generation of, revenue and profit. Tangible assets include the property, plant and equipment owned by the Group as well as right of use assets available to the Group through lease arrangements. These assets include property and property improvements used by our divisions, equipment used by our employees, and our fleet of transporters and other motor vehicles.

Intangible assets are non-physical assets which contribute to, or generate, revenue and profit. These assets include goodwill, customer relationships and brands, acquired through business combinations. This also includes software, which can be purchased, acquired through business combinations, or generated internally based on bespoke requirements and demands in the business. This includes a comprehensive suite of digital tools which are used by internal and external stakeholders to facilitate and coordinate our business activities.

## 18. ACQUISITIONS

### Critical accounting judgements – acquisition accounting

For all acquisitions in the period, management are required to apply judgement to determine the business combination accounting, and in relation to the identification of separable assets and liabilities arising on acquisition.

### Critical accounting estimates – acquisition accounting

Management make estimates of future cash flows to value the assets and make estimates in determining the useful economic life of intangible assets.

#### *Equity-accounted investment - Centre De Rénovation De Véhicules D'Occasion Ingrandes*

During May 2020 the Group acquired a 50% holding in Centre De Rénovation De Véhicules D'Occasion Ingrandes (CRVO) for total consideration of £0.4m. The Group provided a further capital injection of £1.4m in September 2020. This investment has been identified as a joint venture because the joint venture agreement requires unanimous consent from all parties for all relevant activities. The two partners have direct rights to the net assets of the partnership. As a result the investment in joint venture has been accounted for using the equity method. The Group has recognised a £1.0m loss for its share of the result between acquisition and 28 March 2021. This loss has been recognised against the carrying value of the investment held. Further details are provided in note 31.

#### *Equity-accounted investment - Automotion Events Limited*

During July 2020 the Group acquired a 30% holding in Automotion Events Limited for total consideration of £0.2m. This investment has been identified as an associate because the Group has significant influence but not control of Automotion Events. As a result the investment in associate has been accounted for using the equity method.

The investment was subsequently sold in September 2020 as disclosed in note 19. The Group's share of the result for the period between acquisition and the date of disposal was £nil.

#### *Prior year acquisition of BCA Marketplace plc*

On 6 November 2019 the Group acquired 100% of the Ordinary shares of BCA Marketplace plc ('BCAM'), a leading operator in the automotive industry with shares traded on the London Stock Exchange as a constituent of the UK's FTSE 250.

## LONG TERM ASSETS *continued*

### 18. ACQUISITIONS *continued*

The total outstanding BCAM share capital was acquired by Constellation Automotive Limited (formerly BBD Bidco Limited), a subsidiary of the Group, for cash consideration of £2.3635 per share. The acquisition was completed through a Court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006. Following the acquisition, BCAM re-registered from a public company to a private limited company.

This resulted in the acquisition of a number of identified intangible assets including existing brands and customer relationships and goodwill arising due to the unique position that BCAM had in the automotive sector, including the value of the geographical presence and assembled workforce in place, significant barriers to entry for competitors, and access to significant automotive market data and knowledge.

The acquisition also included the identification of fair value adjustments on certain assets and liabilities acquired, and remaining assets and liabilities that were acquired at book value.

	Fair value £'m
Intangible assets identified	
- Brand	204.2
- Customer relationships	860.9
- Software net book value	26.4
- Software fair value uplift	17.4
Property, plant and equipment	110.5
Right of use assets	420.6
Inventories	67.4
Cash	91.4
Trade and other receivables	280.5
Trade and other payables	(422.7)
Lease liabilities	(506.5)
Partner Finance loan book	208.3
Partner Finance borrowings	(149.2)
Deferred tax liability	(190.7)
Post-retirement benefit obligations	(14.1)
Borrowings	(356.2)
Net assets acquired	648.2
Non-controlling interests	(0.8)
Goodwill acquired	1,206.4
<b>Consideration</b>	<b>1,853.8</b>

The fair value of acquired trade and other receivables was £175.7m. The gross contractual amounts receivable of £179.7m at the acquisition date included £4.0m of contractual cash flows that were not expected to be received.

Due to the material nature of the acquisition by an otherwise dormant Group, the entire revenue and adjusted EBITDA of the Group for the period 6 November 2019 to 29 March 2020 represented the results of the acquisition. Had the acquisition been effective from incorporation of the Company, estimated revenue for the same period would have been £2,850.0m. It was not possible to estimate the profit for the period since incorporation due to the significant impact of financing arrangements on the Group's profits.

There have been no changes to the assessed fair values of the acquired assets and liabilities during the period 30 March 2020 to 28 March 2021.

#### *Prior year equity-accounted investment – Proov Station S.A.S*

During February 2020 the Group acquired a 22.02% holding in Proov Station, an automated service inspection provider, for total consideration of £1.8m. This investment was identified as an associate because the Group has significant influence but not control of Proov Station. As a result the investment in associate has been accounted for using the equity method. Further details are provided in note 31.

## LONG TERM ASSETS *continued*

### 19. DISCONTINUED OPERATIONS

On 18 September 2020 the Group transferred Cinch Sub Holdco UK Limited and its subsidiaries to a company related by virtue of shared control through ownership. Prior to disposal the results of the subsidiaries were recognised in the Group operating segment.

The carrying amounts of assets and liabilities at the date of sale were:

	As at 18 September 2020 £'m
Intangible assets	5.9
Property, plant and equipment	0.3
Investment in associate	0.2
Trade and other receivables	1.6
Cash and cash equivalents	0.1
Trade and other payables	(3.5)
<b>Net assets disposed</b>	<b>4.6</b>
Consideration	4.6
Net assets disposed	(4.6)
Gain on sale before income tax	-
Income tax on gain	-
<b>Gain on sale after income tax</b>	<b>-</b>

The consideration was settled in cash.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

	For the period 30 March 2020 to 18 September 2020 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Revenue	-	0.1
Expenses	(5.0)	(5.5)
Loss before income tax	(5.0)	(5.4)
Income tax	0.5	0.5
Loss for the period of discontinued operation	(4.5)	(4.9)
Gain on sale after income tax	-	-
<b>Loss from discontinued operation</b>	<b>(4.5)</b>	<b>(4.9)</b>
Net cash outflow from operating activities	(4.7)	(5.4)
Net cash inflow/(outflow) from investing activities	2.4	(1.0)
Net cash inflow/(outflow) from financing activities	-	-
<b>Net decrease in cash generated by the subsidiaries</b>	<b>(2.3)</b>	<b>(6.4)</b>

The period 30 March 2020 to 18 September 2020 includes £4.5m of proceeds from disposal of subsidiaries net of cash disposed.

## LONG TERM ASSETS *continued*

### 20. INTANGIBLE ASSETS

	Goodwill £'m	Customer relationships £'m	Brands £'m	Software £'m	Total £'m
<b>Cost</b>					
At incorporation on 10 June 2019	-	-	-	-	-
Acquisitions through business combinations	1,206.4	860.9	204.2	43.8	2,315.3
Additions	-	-	-	4.2	4.2
Disposals	-	-	-	(0.1)	(0.1)
Exchange difference	9.2	6.3	0.4	0.3	16.2
<b>At 29 March 2020</b>	<b>1,215.6</b>	<b>867.2</b>	<b>204.6</b>	<b>48.2</b>	<b>2,335.6</b>
Additions	-	-	-	8.7	8.7
Disposals	-	-	-	(0.2)	(0.2)
Disposal of business	-	-	-	(7.3)	(7.3)
Exchange difference	(10.7)	(7.2)	(0.4)	(0.7)	(19.0)
<b>At 28 March 2021</b>	<b>1,204.9</b>	<b>860.0</b>	<b>204.2</b>	<b>48.7</b>	<b>2,317.8</b>
<b>Accumulated amortisation</b>					
At incorporation on 10 June 2019	-	-	-	-	-
Charged in the period	-	22.1	5.4	5.2	32.7
Impairment	266.4	-	-	-	266.4
Disposals	-	-	-	(0.1)	(0.1)
Exchange difference	-	0.1	-	-	0.1
<b>At 29 March 2020</b>	<b>266.4</b>	<b>22.2</b>	<b>5.4</b>	<b>5.1</b>	<b>299.1</b>
Charged in the period	-	56.1	13.6	13.3	83.0
Impairment	-	-	-	0.7	0.7
Disposals	-	-	-	(0.1)	(0.1)
Disposal of business	-	-	-	(1.4)	(1.4)
Exchange difference	-	(0.8)	-	(0.6)	(1.4)
<b>At 28 March 2021</b>	<b>266.4</b>	<b>77.5</b>	<b>19.0</b>	<b>17.0</b>	<b>379.9</b>
<b>Net book value</b>					
At 29 March 2020	949.2	845.0	199.2	43.1	2,036.5
<b>At 28 March 2021</b>	<b>938.5</b>	<b>782.5</b>	<b>185.2</b>	<b>31.7</b>	<b>1,937.9</b>

Amortisation charges have been treated as operating costs in the income statement.

#### Critical accounting estimates – impairment of goodwill and intangible assets

An impairment review has been conducted on all goodwill and intangible assets held by the Group. The impairment review is performed on a value in use basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Specifically, the future cash flows are sensitive to the assumptions made about the revenue growth, EBITDA margin and the long term growth rate of the relevant market. Given the degree of subjectivity involved, actual outcomes could vary significantly from these estimates.

## LONG TERM ASSETS *continued*

### 20. INTANGIBLE ASSETS *continued*

#### Goodwill

Goodwill acquired in a business combination is allocated to the cash generating unit ('CGU') or group of CGUs that are expected to benefit from the synergies associated with that business combination. These CGU groups represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. Goodwill is monitored by management at an operating segment level and has been allocated to operating segments as follows:

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
UK Vehicle Remarketing	555.2	555.2
International Vehicle Remarketing	228.5	239.2
Vehicle Buying	91.3	91.3
Automotive Services	63.5	63.5
	<b>938.5</b>	<b>949.2</b>

Goodwill is tested annually for impairment, or whenever there is an indication that the asset may be impaired, by comparing the carrying amount of these assets with their recoverable amounts, which is derived from a value in use calculation. Where the recoverable amount exceeds the carrying amount of the assets, the assets are considered as not impaired.

Cash flow forecasts use the budget, future Strategic plan forecasts and future growth rates. These form the basis of the cash flow projections for each CGU, and are the basis for the remaining forecast financial years. The forecast reflects management's expectations of the medium term operating performance of each CGU and growth prospects in the CGU's markets and regions, and are based on the Strategic plan.

Other key assumptions in the value in use calculation are shown below:

	Vehicle Remarketing		Vehicle Buying	Automotive Services
	UK	International		
Growth rate applied beyond approved forecast period	2.0%	2.0%	1.6%	1.8%
Pre-tax discount rate	13.3%	13.4%	16.6%	10.7%

Growth rates used do not exceed expectations of long term growth in the local market.

The discount rate is estimated by the Group using a range of equity costs for similar companies and external market data, with samples chosen where applicable from the same markets or territories as the CGU.

The assumptions applied in the calculation of value in use for goodwill have been sensitised as follows:

- 10% reduction to long term operating cash flow
- 0.25% increase in discount rate

The Directors have reviewed the key assumptions used in the impairment calculations and have considered the impact of reasonably possible changes in these assumptions, including those sensitivities identified above. Based on this review, the Directors have identified that these reasonably likely changes could give rise to a material change to the recoverable amount of the assets, but would not give rise to an impairment.

#### *Software impairment*

During the year, the Group recognised an impairment charge in operating costs of £0.7m. This was recognised in full in Vehicle Remarketing UK. The cash generating unit is a reportable segment as defined in IFRS 8.

The impairment charge represents the total carrying value for a specific piece of software for which the Group no longer expects to receive any future benefit.

## LONG TERM ASSETS *continued*

### 21. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'m	Fixtures, fittings and equipment £'m	Plant, machinery and motor vehicles £'m	Total £'m
<b>Cost</b>				
At incorporation on 10 June 2019	-	-	-	-
Acquisitions through business combinations	74.5	14.7	21.3	110.5
Additions	3.9	2.4	15.6	21.9
Disposals	(0.2)	(0.1)	(12.3)	(12.6)
Exchange difference	1.3	0.1	0.1	1.5
<b>At 29 March 2020</b>	<b>79.5</b>	<b>17.1</b>	<b>24.7</b>	<b>121.3</b>
Transfers from right of use assets	4.5	-	11.9	16.4
Additions	24.8	4.7	22.4	51.9
Disposals	(0.9)	(0.2)	(9.8)	(10.9)
Disposal of business	-	(0.2)	(0.1)	(0.3)
Exchange difference	(2.5)	(0.5)	(0.2)	(3.2)
<b>At 28 March 2021</b>	<b>105.4</b>	<b>20.9</b>	<b>48.9</b>	<b>175.2</b>
<b>Accumulated depreciation</b>				
At incorporation on 10 June 2019	-	-	-	-
Charged in the period	1.1	2.2	2.5	5.8
Disposals	-	(0.1)	(0.2)	(0.3)
<b>At 29 March 2020</b>	<b>1.1</b>	<b>2.1</b>	<b>2.3</b>	<b>5.5</b>
Charge for the year	3.1	5.7	8.1	16.9
Impairment	0.4	-	-	0.4
Transfers from right of use assets	1.0	-	7.2	8.2
Disposals	(0.1)	(0.2)	(1.7)	(2.0)
Exchange difference	(0.9)	(0.4)	-	(1.3)
<b>At 28 March 2021</b>	<b>4.6</b>	<b>7.2</b>	<b>15.9</b>	<b>27.7</b>
<b>Net book value</b>				
At 29 March 2020	78.4	15.0	22.4	115.8
<b>At 28 March 2021</b>	<b>100.8</b>	<b>13.7</b>	<b>33.0</b>	<b>147.5</b>

Land and buildings include investment property, which has been accounted for using the cost model.

Certain property and transporter assets were transferred from right of use assets to property, plant and equipment at the end of their respective lease periods.

## LONG TERM ASSETS *continued*

### 22. RIGHT OF USE ASSETS

	Land and buildings £'m	Plant, machinery and motor vehicles £'m	Total £'m
<b>Cost</b>			
At incorporation on 10 June 2019	-	-	-
Acquisitions through business combinations	359.9	60.7	420.6
Additions	8.5	5.3	13.8
Exchange difference	1.3	-	1.3
<b>At 29 March 2020</b>	<b>369.7</b>	<b>66.0</b>	<b>435.7</b>
Transfers to property, plant and equipment	(4.5)	(11.9)	(16.4)
Additions	53.6	1.9	55.5
Disposals	(4.9)	(1.1)	(6.0)
Exchange difference	(1.1)	-	(1.1)
<b>At 28 March 2021</b>	<b>412.8</b>	<b>54.9</b>	<b>467.7</b>
<b>Accumulated depreciation</b>			
At incorporation on 10 June 2019	-	-	-
Charged in the period	12.2	6.4	18.6
Exchange difference	0.1	-	0.1
<b>At 29 March 2020</b>	<b>12.3</b>	<b>6.4</b>	<b>18.7</b>
Charge for the year	30.3	13.9	44.2
Transfers to property, plant and equipment	(1.0)	(7.2)	(8.2)
Disposals	(1.8)	(1.0)	(2.8)
Exchange difference	(0.2)	-	(0.2)
<b>At 28 March 2021</b>	<b>39.6</b>	<b>12.1</b>	<b>51.7</b>
<b>Net book value</b>			
At 29 March 2020	357.4	59.6	417.0
<b>At 28 March 2021</b>	<b>373.2</b>	<b>42.8</b>	<b>416.0</b>

Certain property and transporter assets were transferred from right of use assets to property, plant and equipment at the end of their respective lease periods.

## CAPITAL STRUCTURE AND FINANCING

This section details the Group's capital structure, financing and any associated distributions. This includes amounts available and utilised in the form of external borrowings. Partner Finance borrowings and lease liabilities are asset-backed facilities and are therefore presented separately to bank borrowings.

The Group utilises a combination of shareholder equity, bank loans and flexible revolving facilities to manage the Group's capital and liquidity requirements, to meet strategic objectives and fund investment opportunities. This section also includes the capital transactions which have occurred during the period.

### 23. BANK BORROWINGS

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
<b>Non-current</b>		
Bank borrowings	1,279.4	1,239.0
<b>Current</b>		
Bank borrowings	40.0	115.0

In November 2019 the Group refinanced, putting in place a Senior Term facilities agreement and a Second Lien facility. The Senior facilities agreement comprises Facility B1 £525.0m, Facility B2 €534.5m and a £155.0m revolving facility. The Second Lien facility comprises Facility F1 £265.0m.

The term facilities were drawn down in full at inception. The facilities were net of arrangement fees of £25.3m and original issue discount of £6.4m. During the year the Senior Facilities Agreement was amended to extend the suspension of certain covenant testing until the quarter ending March 2022.

In April 2020 the Group put in place an additional Senior Liquidity Facility, which ranks pari passu with the existing facilities. This facility comprises a Senior Liquidity Facility A €67.0m.

This facility was drawn down in full during the period and remained drawn down at the period end. The facility was drawn net of arrangement fees and original issue discount of £3.1m.

Carrying amounts are stated net of unamortised transaction costs and original issue discount. The transaction costs, together with the interest expense and original issue discount, are being allocated to the income statement over the term of the facility at a constant rate on the carrying amount. The fair value of bank borrowings is equal to the nominal value of the bank loan.

At 28 March 2021, the Group had issued letters of credit in the ordinary course of business of £4.3m (2020: £4.3m), had drawn down £40.0m (2020: £115.0m) on the revolving facility and had not utilised the net overdraft (2020: £33.4m), leaving the following as undrawn borrowing facilities:

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
<b>Floating rate borrowings</b>		
Expiring beyond one year	110.7	2.3

### 24. PARTNER FINANCE BORROWINGS

The Group has an asset-backed finance facility of £220.0m to fund the Partner Finance business. The amount is advanced solely to a Partner Finance subsidiary in respect of specific receivables. Interest is charged on the drawn down element of the facility at a variable rate of interest, based on the Bank of England base rate. At 28 March 2021 the borrowings were £148.3m (2020: £159.4m).

## CAPITAL STRUCTURE AND FINANCING *continued*

### 25. SHARE CAPITAL AND RESERVES

	Number of £1 Ordinary shares issued and fully paid	Nominal value £'m	Share premium £'m
At incorporation on 10 June 2019	1	-	-
Net proceeds from shares issued on 13 November 2019	100,000	0.1	1,009.2
Net proceeds from shares issued on 6 December 2019	1,000	-	6.0
<b>At 29 March 2020</b>	<b>101,001</b>	<b>0.1</b>	<b>1,015.2</b>
Net proceeds from shares issued on 16 June 2020	1,000	-	10.0
<b>At 28 March 2021</b>	<b>102,001</b>	<b>0.1</b>	<b>1,025.2</b>

The holders of Ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. The movements in share capital are described below:

- Net proceeds from shares issued – relate to the issue of shares on and following the acquisition of BCA Marketplace. All of these shares rank *pari passu* with the existing Ordinary shares in issue.

The following describes the nature and purpose of each reserve within shareholder's funds:

#### *Share premium*

The value of the net proceeds from shares issued above the nominal value of the shares issued.

#### **Other reserves**

##### *Foreign exchange reserve*

Represents the cumulative difference arising from changes to foreign exchange rates upon assets and liabilities of overseas subsidiaries.

##### *Retained earnings*

Cumulative net gains and losses recognised in the Group income statement. Consolidated retained earnings do not include retained earnings held in subsidiaries which could be remitted to the Parent through dividends.

Dividends paid in respect of non-controlling interests are disclosed in note 31.

## PENSIONS AND OTHER INFORMATION

### 26. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Group participates in several defined contribution schemes and two defined benefit schemes ('the BCA Pension Plan' within British Car Auctions Limited and 'the Automotive Plan' within Walon Limited).

The BCA Pension Plan provides benefits based on final pensionable salary. The plan is closed to new members. The valuation used for these accounts is based on the results of an actuarial valuation carried out as of 5 April 2020 and updated to the period end date by Capita, independent consulting actuaries, in accordance with IAS 19.

The Automotive Plan provides benefits based on final pensionable salary. The plan closed to future accrual from 1997. The valuation used for these accounts is based on the results of an actuarial valuation carried out as of 5 April 2019 and updated to the period end date by Mercer, independent consulting actuaries, in accordance with IAS 19.

The defined benefit plans are registered with HMRC and comply fully with the regulatory framework published by the UK pensions regulator. Benefits are paid to the members from a separate fund administered by independent trustees. The BCA Pension Plan has five trustees, three of whom are appointed by the Group and two chosen by scheme members. The Automotive Plan has four trustees, two of whom are appointed by the Group and two chosen by scheme members. The Trustees are required to act in the best interests of the members and are responsible for making funding and investment decisions in conjunction with the Group.

#### Critical accounting estimates – pensions

The Group's net retirement benefit obligation, which is reviewed by management using assessments from independent actuaries each period, is based on key assumptions, including discount rates, inflation, future salary increases and pension costs. These assumptions may be different to the actual outcome.

The principal assumptions used for the BCA Pension Plan and the Automotive Plan are as follows:

	As at 28 March 2021		As at 29 March 2020	
	BCA	Automotive	BCA	Automotive
Rate of increase in salaries	1.00% p.a. for 3 years 3.37% p.a. thereafter	n/a	2.75%	n/a
Rate of increase in deferred pensions:	2.54%	2.54%	1.75%	1.75%
Rate of increase in pensions:				
LPI (5.0% Cap)	3.28%	n/a	2.70%	n/a
LPI (2.5% Cap)	2.26%	n/a	1.95%	n/a
Fixed	3.00%	-	3.00%	-
Discount rate	1.84%	1.84%	2.25%	2.25%
Rate of inflation:				
Retail price index	3.37%	3.37%	2.75%	2.75%
Consumer price index	2.54%	2.54%	1.75%	1.75%

Assumptions regarding future mortality experience are set based on published statistics and experience.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The mortality assumptions adopted imply the following expected future lifetimes from age 65:

	As at 28 March 2021		As at 29 March 2020	
	BCA	Automotive	BCA	Automotive
	Age (current 65 year olds)	Age (current 65 year olds)	Age (current 65 year olds)	Age (current 65 year olds)
Males	22.7	20.9	22.7	20.8
Females	25.0	22.7	24.9	22.6

## PENSIONS AND OTHER INFORMATION *continued*

### 26. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Changes in the fair value of the defined benefit liability in the BCA Pension Plan are as follows:

	As at 28 March 2021			As at 29 March 2020		
	Plan assets £'m	Plan liabilities £'m	Total £'m	Plan assets £'m	Plan liabilities £'m	Total £'m
At start of year/period	67.4	(80.6)	(13.2)	-	-	-
Acquired through business combinations	-	-	-	77.6	(88.7)	(11.1)
Income statement expense:						
Current service cost	-	(0.7)	(0.7)	-	(0.5)	(0.5)
Past service cost	-	(0.1)	(0.1)	-	-	-
Interest income/(expense)	1.5	(1.8)	(0.3)	0.7	(0.7)	-
Total amount charged to the income statement	1.5	(2.6)	(1.1)	0.7	(1.2)	(0.5)
Remeasurements:						
Actuarial gains due to changes in financial assumptions	-	(11.5)	(11.5)	-	10.1	10.1
Actuarial gains due to changes in demographic assumptions	-	0.4	0.4	-	(2.6)	(2.6)
Experience gains and losses	13.3	0.3	13.6	(12.3)	0.8	(11.5)
Total amount recognised in other comprehensive income	13.3	(10.8)	2.5	(12.3)	8.3	(4.0)
Cash:						
Employer contributions	1.3	-	1.3	2.4	-	2.4
Employee contributions	0.2	(0.2)	-	0.1	(0.1)	-
Benefits paid	(1.9)	1.9	-	(1.1)	1.1	-
Net cash	(0.4)	1.7	1.3	1.4	1.0	2.4
<b>At year/period end</b>	<b>81.8</b>	<b>(92.3)</b>	<b>(10.5)</b>	<b>67.4</b>	<b>(80.6)</b>	<b>(13.2)</b>

Changes in the fair value of the defined benefit asset in the Automotive Pension Plan are as follows:

	As at 28 March 2021			As at 29 March 2020		
	Plan assets £'m	Plan liabilities £'m	Total £'m	Plan assets £'m	Plan liabilities £'m	Total £'m
At start of year/period	14.1	(16.0)	(1.9)	-	-	-
Acquired through business combinations	-	-	-	15.3	(18.3)	(3.0)
Income statement expense:						
Past service cost	-	(0.6)	(0.6)	-	-	-
Interest income/(expense)	0.3	(0.4)	(0.1)	0.2	(0.2)	-
Total amount charged to the income statement	0.3	(1.0)	(0.7)	0.2	(0.2)	-
Remeasurements:						
Actuarial gains due to changes in financial assumptions	-	(1.2)	(1.2)	-	1.4	1.4
Actuarial gains due to changes in demographic assumptions	-	(0.1)	(0.1)	-	0.8	0.8
Experience losses	1.6	-	1.6	(1.3)	-	(1.3)
Total amount recognised in other comprehensive income	1.6	(1.3)	0.3	(1.3)	2.2	0.9
Cash:						
Employer contributions	0.4	-	0.4	0.2	-	0.2
Benefits paid	(0.8)	0.8	-	(0.3)	0.3	-
Net cash	(0.4)	0.8	0.4	(0.1)	0.3	0.2
<b>At year/period end</b>	<b>15.6</b>	<b>(17.5)</b>	<b>(1.9)</b>	<b>14.1</b>	<b>(16.0)</b>	<b>(1.9)</b>

## PENSIONS AND OTHER INFORMATION *continued*

### 26. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

Amount recognised in the balance sheet liability represented by:

	As at 28 March 2021			As at 29 March 2020		
	Plan assets	Plan liabilities	Total	Plan assets	Plan liabilities	Total
	£'m	£'m	£'m	£'m	£'m	£'m
BCA plan	81.8	(92.3)	(10.5)	67.4	(80.6)	(13.2)
Automotive plan	15.6	(17.5)	(1.9)	14.1	(16.0)	(1.9)
<b>Total</b>	<b>97.4</b>	<b>(109.8)</b>	<b>(12.4)</b>	<b>81.5</b>	<b>(96.6)</b>	<b>(15.1)</b>

At the end of the reporting period the plan assets by category had been invested as follows:

	As at 28 March 2021			As at 29 March 2020		
	BCA	Automotive	Total	BCA	Automotive	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Equities (quoted)	39.9	7.0	46.9	26.8	6.3	33.1
Corporate bonds (quoted)	23.4	2.2	25.6	27.1	2.0	29.1
Government bonds (quoted)	4.2	5.9	10.1	4.1	5.3	9.4
Diversified growth funds (quoted)	7.9	-	7.9	7.3	-	7.3
Other	6.4	0.5	6.9	2.1	0.5	2.6
<b>Total plan assets</b>	<b>81.8</b>	<b>15.6</b>	<b>97.4</b>	<b>67.4</b>	<b>14.1</b>	<b>81.5</b>

## PENSIONS AND OTHER INFORMATION *continued*

### 26. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

#### Risk management

These defined benefit plans expose the Group to actuarial risks, such as mortality risk, interest rate risk and market investment risk. The investment policies of each scheme are described below:

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<i>Asset volatility</i>	<p>Plan liabilities, in respect of defined benefit obligations, are calculated on a discounted basis using a discount rate which is set with reference to corporate bond yields. If the plan assets underperform this yield, then this will create a deficit. The trustees of each plan, and their advisers, carry out regular reviews of asset allocations within each plan and consider the need to switch assets in line with the investment strategies. Currently the plans hold approximately 35% of assets as defensive assets (government and corporate bonds) with the intention of mitigating significant changes in yields.</p> <p>As each plan matures, the level of investment risk is reduced by investing more in government and corporate bonds that better match the liabilities. However, the Group believes that due to the long term nature of the scheme liabilities, a level of continuing equity investment is an appropriate element of the long term investment strategy.</p> <p>In respect of Guaranteed Minimum Pension ('GMP') obligations, the strategy has the objectives of achieving an overall rate of return that is sufficient to meet pensioners' reasonable expectations, reduce investment return volatility over the short term period to retirement where this is possible and to invest in assets that are liquid such that they enable switching between asset classes. In order to achieve these objectives, the strategy is to invest in a mixture of on-risk assets (including equities) and off-risk assets (including bonds, gilts and cash), with the proportionate allocation of the latter increasing according to an agreed profile as members approach their normal retirement date.</p>
<i>Inflation</i>	<p>The plans' pension liabilities in deferment are linked to inflation. Higher inflation will lead to higher liabilities, although in the majority of cases there are caps on the level of inflationary increases to be applied to pension obligations in order to protect the plans from extreme inflation. The BCA Pension Plan holds approximately 5% of the plans' assets in index-linked bonds (including government bonds) to partially hedge against this risk. The remainder of the plans' assets are either unaffected by or loosely correlated with inflation, and so an increase in inflation can lead to an increase in the plan deficit.</p>
<i>Mortality</i>	<p>The plans' obligation is to provide a pension for the life of their members, so realised increases in life expectancy will result in an increase in the plans' benefit payments. Whilst future mortality rates cannot be predicted with certainty the plans adopt up to date mortality assumptions and review the overall risk as part of the triennial actuarial valuations.</p>
<i>Bond yields</i>	<p>Plan assets are likely to decrease following an increase in the interest rate. This is due to an increase in interest rates having the effect of a decrease in value of the defensive assets held by the plans. This risk is partially mitigated by the measurement of plan liabilities being linked to bond yields. An increase in interest rates has the effect of increasing bond yields, which in turn decreases plan liabilities. If interest rates decrease the opposite is true for both plan liabilities and assets.</p>
<i>Salary changes</i>	<p>The calculation of the BCA Pension Plan liabilities uses the future estimated salaries of plan participants. Increases in the salary of plan participants above that assumed will increase the plan liabilities.</p> <p>The Automotive Plan is closed to future accruals, so is not exposed to this risk.</p>

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## PENSIONS AND OTHER INFORMATION *continued*

### 26. PENSIONS AND OTHER POST-RETIREMENT BENEFITS *continued*

#### Sensitivity analysis

The disclosures above are dependent on the assumptions used. The table below demonstrates the sensitivity of the defined benefit obligations to changes in the significant assumptions used for the schemes.

Impact on the defined benefit obligations:

	BCA	Automotive	BCA	Automotive
	£'m	£'m	% of liability	% of liability
Discount rate: +0.25%	(3.8)	(0.7)	(4.1%)	(4.2%)
Inflation and related assumptions: +0.25%	1.8	-	2.0%	(0.1%)
Mortality: reduced by 10%	3.0	n/a	3.3%	n/a
Mortality: increase in life expectancy of 1 year	n/a	(0.6)	n/a	(3.2%)

The above analysis is based on a change in an assumption while holding all other assumptions constant, and in practice this is unlikely to occur. The above variances have been used as they are believed to be reasonably possible fluctuations.

#### Expected future cash flows

The Group expects the employer contributions to be made to its defined benefit plans in the 2021/22 financial year to be £2.4m. The Group's management do not expect any material changes to the annual cash contributions over the next three years; however it keeps contributions under review in the light of movements in the funding position of the schemes.

The defined benefit obligations are based on the current value of expected benefit payment cash flows to members over the next several decades. The average duration of the liabilities is approximately 17 years for both the BCA Pension Plan and the Automotive Plan.

## 27. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

#### Categories of financial instruments

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
<b>Financial assets</b>		
Amortised cost	553.3	604.5
<b>Financial liabilities</b>		
Amortised cost	2,499.1	2,436.1

Financial assets include trade receivables, other receivables, amounts due from related parties and cash and cash equivalents. Expected credit loss allowances on trade and other receivables are shown in note 14. Included in financial liabilities at amortised cost are trade and other payables, lease liabilities, bank borrowings, bank overdrafts and Partner Finance borrowings.

## PENSIONS AND OTHER INFORMATION *continued*

### 27. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

#### Reconciliation of liabilities arising from financing activities

	Non cash changes						As at 28 March 2021 £'m
	As at 30 March 2020 £'m	Cash flows £'m	Additions £'m	Disposals £'m	Foreign exchange movements £'m	Finance charge £'m	
	Long term borrowings	1,239.0	55.1	-	-	(22.0)	
Short term borrowings	115.0	(75.0)	-	-	-	-	40.0
Bank overdrafts	33.4	(32.9)	-	-	-	-	0.5
Partner Finance borrowings	159.4	(11.1)	-	-	-	-	148.3
Lease liabilities	500.7	(66.5)	54.9	(3.3)	(1.1)	23.9	508.6
Total liabilities from financing activities	2,047.5	(130.4)	54.9	(3.3)	(23.1)	31.2	1,976.8

	Non cash changes						As at 29 March 2020 £'m
	As at 10 June 2019 £'m	Acquired through business combinations £'m	Cash flows £'m	Additions £'m	Foreign exchange movements £'m	Finance charge £'m	
	Long term borrowings	-	256.2	959.0	-	19.6	
Short term borrowings	-	100.0	15.0	-	-	-	115.0
Bank overdrafts	-	-	33.4	-	-	-	33.4
Partner Finance borrowings	-	149.2	9.8	-	-	0.4	159.4
Lease liabilities	-	506.5	(29.5)	12.4	1.3	10.0	500.7
Total liabilities from financing activities	-	1,011.9	987.7	12.4	20.9	14.6	2,047.5

#### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The responsibility for monitoring the effectiveness of risk management is carried out by the Board.

#### Market risk

Market risk is the risk that changes in market prices (principally exchange rates and interest rates) will affect the Group's income or the value of its holdings of financial instruments.

#### Foreign exchange risk

The Group operates in the UK and continental Europe (Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, Denmark, Norway, Poland, Sweden, and Switzerland) and is therefore exposed to foreign exchange risk. Foreign exchange risk arises primarily on recognised assets and liabilities and net investments in foreign operations. These overseas operations' revenues and costs are mainly denominated in the currencies of the countries in which the operations are located. The most significant of these is the Euro. The Euro to Sterling exchange rates used by the Group are shown below:

	For the year ended 28 March 2021	For the period ended 29 March 2020
Euro - opening	1.1176	1.1213
Euro - BCA acquisition	n/a	1.1625
Euro - average	1.1198	1.1464
Euro - closing	1.1691	1.1176

## PENSIONS AND OTHER INFORMATION *continued*

### 27. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

#### Foreign exchange risk *continued*

The functional currencies of the revenue and adjusted EBITDA of the Group's operations are as follows:

	For the period ended 28 March 2021				For the period ended 29 March 2020			
	GBP	Euro	Other	Total	GBP	Euro	Other	Total
Revenue (£'m)	3,082.4	340.5	31.1	3,454.0	1,330.4	115.2	15.0	1,460.6
Revenue (%)	89.2%	9.9%	0.9%	100.0%	91.1%	7.9%	1.0%	100.0%
Adjusted EBITDA (£'m)	174.9	41.3	(1.4)	214.8	73.1	14.4	1.6	89.1
Adjusted EBITDA (%)	81.5%	19.2%	(0.7%)	100.0%	82.0%	16.2%	1.8%	100.0%

The Group does not have significant transactional foreign currency cash flow exposures. The Group monitors its exposure to currency fluctuations on an ongoing basis. The Group maintains part of its debt in Euro to reflect the currency in which its EBITDA is generated.

The Group has not hedged profit translation exposures. During the year and as at 28 March 2021 the Group did not have any hedges in place.

For the year ended 28 March 2021, if Sterling had strengthened by 10% on average against the Euro with all other variables held constant, adjusted EBITDA for the year would have been £3.8m lower (2020: £1.3m lower) as a result of a reduction of the equivalent value in Sterling of profits denominated in Euros.

Details of the currencies in which the Group's cash, trade and other receivables, trade and other payables and loans and overdrafts are denominated are set out below:

	For the year ended 28 March 2021				For the year ended 29 March 2020			
	GBP	Euro	Other	Total	GBP	Euro	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cash	75.7	25.2	11.8	112.7	151.0	51.8	11.0	213.8
Trade and other receivables	406.1	60.6	16.3	483.0	348.3	50.0	7.8	406.1
Trade and other payables	(434.2)	(86.6)	(37.1)	(557.9)	(261.2)	(106.8)	(20.6)	(388.6)
Borrowings (including Partner Finance borrowings)	(962.0)	(505.7)	-	(1,467.7)	(1,042.6)	(470.8)	-	(1,513.4)
<b>Net</b>	<b>(914.4)</b>	<b>(506.5)</b>	<b>(9.0)</b>	<b>(1,429.9)</b>	<b>(804.5)</b>	<b>(475.8)</b>	<b>(1.8)</b>	<b>(1,282.1)</b>

#### Interest rate risk

The Group's interest rate risk arises from the Group's borrowings as disclosed in note 23. Interest rates have been historically low and stable in terms of both LIBOR and EURIBOR rates and consequently no structured hedging has been implemented in the current period. The Group will continue to monitor interest rates and assess the requirement for hedging in the future. All of the Group's finance leases are at fixed rates of interest.

For the year ended 28 March 2021, if the average rate on floating rate borrowings had been 50 basis points higher with all other variables held constant, post-tax profit for the period would have been £5.7m lower (2020: £6.6m lower).

#### Credit risk

Credit risk is the risk of financial loss in the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally through trade receivables from customers and cash balances.

The Group has policies in place to ensure that services are only provided to clients with an appropriate credit history.

Customers who have an account with BCA Partner Finance are able to finance vehicles acquired through UK Vehicle Remarketing. Prior to opening an account and subsequently, a credit assessment is completed and appropriate security is obtained. In addition, legal title of the vehicle remains with the Group until the outstanding balance is settled in full.

Cash and cash equivalents are held with reputable institutions. The cash required for working capital is held with reputable banks in each country of operation as appropriate. All other material cash balances are deposited with financial institutions whose credit rating is at least Standard and Poor's A- or equivalent.

## PENSIONS AND OTHER INFORMATION *continued*

### 27. FINANCIAL INSTRUMENTS – RISK MANAGEMENT *continued*

#### Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group minimises the risk of breaching borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plan and covenant compliance requirements on its borrowings.

The Group has a £155.0m revolving facility. At 28 March 2021 £40.0m (2020: £115.0m) of the facility had been drawn and £4.3m (2020: £4.3m) of the facility having been utilised to provide guarantees to third parties. This revolving facility is considered by management to provide adequate flexibility given the current liquidity of the business.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows:

As at 28 March 2021	Carrying amount £'m	Contractual total £'m	Within 1 year £'m	Between 1 and 5 years £'m	Over 5 years £'m
Borrowings	1,319.4	1,344.5	40.0	57.3	1,247.2
Bank overdrafts	0.5	0.5	0.5	-	-
Partner Finance borrowings	148.3	148.3	148.3	-	-
Lease liabilities	508.6	744.3	66.1	200.2	478.0
Trade and other payables	557.9	522.3	522.3	-	-

As at 29 March 2020	Carrying amount £'m	Contractual total £'m	Within 1 year £'m	Between 1 and 5 years £'m	Over 5 years £'m
Bank borrowings	1,354.0	1,383.3	115.0	-	1,268.3
Bank overdrafts	33.4	33.4	33.4	-	-
Partner Finance borrowings	159.4	159.4	159.4	-	-
Lease liabilities	500.7	735.4	60.9	211.0	463.5
Trade and other payables	388.6	352.9	352.9	-	-

#### Capital risk management

The Board's policy is to maintain a strong capital base (which comprises share capital, reserves and debt) so as to maintain stakeholder confidence and to sustain future development of the business. This includes consideration of the Group's debt financing plan and covenant compliance requirements on its borrowings.

#### Fair value

The fair values of all financial instruments are equal to their carrying value.

## PENSIONS AND OTHER INFORMATION *continued*

### 28. SHARE BASED PAYMENTS

Under the terms of a Management Investment Plan ('MIP') agreement, certain senior executives of the Company acquired shares in Constellation Automotive Holdings Sarl ('CAH'), an intermediate parent of the Company. The shares issued under the MIP are designed to incentivise the holders to grow the equity value of the group headed by CAH (the 'Constellation Holdings Group') at all times while in its employment.

During the year, 172,900 shares were subscribed for under the terms of the MIP, representing 2.1% of the issued ordinary share capital of CAH. The shares are split such that each participant holds equal numbers of A ordinary shares and Sweet Equity. These shares remain in issue at the period end and are held on trust by a nominee (the 'Nominee'). BBD Topco Sarl ('BBD Topco') and a co-investor hold the remaining shares in CAH. Total expenses arising from share-based payment transactions recognised during the year were £1.0m.

In addition to rights to dividends, the MIP shares entitle the holders to investment returns determined as follows:

- Upon an Exit event (including a sale of CAH, a sale of its assets, its winding up or an IPO of its shares) and after payment of amounts due in relation to any debt securities in issue at the time:
  - The Sweet Equity shares entitle the holders to a priority return based upon an investment multiple (the 'MIP Multiple'). The MIP multiple comprises a ratcheted return subject to a minimum internal rate of return achieved by BBD Topco on its investment in CAH. The MIP Multiple achievable ranges between one and three times the investment multiple achieved by BBD Topco and is applied to the total amount invested by holders in both A shares and Sweet Equity. The amount payable on Sweet Equity shares is after deduction of the amount payable on A shares.
  - The A shares entitle the holders to an equal return, on a pro-rata basis, to that of BBD Topco and the co-investor.
- Upon leaving the employment of the Constellation Holdings Group and BBD Topco exercising its entitlement to require the holder to transfer their MIP shares to the Nominee:
  - The A shares entitle the holder to the market value of those shares (as determined at the time).
  - The Sweet Equity shares entitle the holder to a return dependent upon whether they leave the Constellation Holdings Group:
    - As a designated 'good leaver' – in which case they will receive a return representing the higher of cost and market value
    - As a designated 'bad leaver' – in which case they will receive a return representing the lower of cost and market value
    - As a designated 'intermediate leaver' – in which case they will receive a return referenced to the period over which the MIP shares were held, the maximum entitlement being full market value where the MIP shares were held for 5 years or more.

## PENSIONS AND OTHER INFORMATION *continued*

### 29. RELATED PARTY TRANSACTIONS AND DIRECTORS' EMOLUMENTS

The Group has a related party relationship with its key management personnel, equity-accounted investments, the ultimate controlling party and other entities also controlled by the ultimate controlling party.

The Group entered into the following transactions on third party commercial terms with equity-accounted investments and parties that are related by virtue of shared control through TDR ownership:

	For the year ended 28 March 2021	For the period 10 June 2019 to 29 March 2020
	£'m	£'m
Sale of goods to other related parties	126.1	-
Purchase of goods from other related parties	5.6	-
Rendering of services to other related parties	9.9	-
Rental of property from other related parties	0.3	-
Purchase of property, plant and equipment from equity-accounted investments	0.3	-
Purchase of services from equity-accounted investments	0.4	-

Other related parties represent Cinch Holdco UK Limited and its subsidiaries, TDR, and other entities in TDR's investment portfolio.

The following balances are due from/(to) related parties at the end of the reporting period:

	As at 28 March 2021	As at 29 March 2020
	£'m	£'m
Trading balances with other related parties	0.4	-
Trading balances with equity-accounted investments	(0.1)	-
Loan balances with other related parties	50.5	-
Loan balances with equity-accounted investments	1.3	-
	52.1	-

Movements in the loan balances during the period were as follows:

	Equity-accounted investment	Other related party
	£'m	£'m
As at 30 March 2020	-	-
Loans issued	1.3	110.5
Capital repayments	-	(60.0)
Interest charged	-	0.9
Interest received	-	(0.9)
<b>As at 28 March 2021</b>	<b>1.3</b>	<b>50.5</b>

No interest accrues on the balances with equity-accounted investments. Loans to other related parties accrue interest at LIBOR + 5%. All loan balances are unsecured and repayable on demand.

## PENSIONS AND OTHER INFORMATION *continued*

### 29. RELATED PARTY TRANSACTIONS AND DIRECTORS' EMOLUMENTS *continued*

#### *Key management personnel*

The Group considers key management personnel, as defined under IAS 24 Related Party Disclosures, to be Executive members of the Board. The remuneration for key management personnel for the period was as follows:

	For the year ended 28 March 2021	For the period 10 June 2019 to 29 March 2020
	£'m	£'m
Short term employee benefits	13.5	0.9
Post-employment benefits	0.2	0.1
Share based payments	0.9	-
	14.6	1.0

Included in the amounts above are the following paid to the highest paid Company director in respect of qualifying services:

	For the year ended 28 March 2021	For the period 10 June 2019 to 29 March 2020
	£'m	£'m
Director's remuneration	6.4	0.4
Company contributions to pension schemes	0.1	-
	6.5	0.4

As at 28 March 2021, the Group held £nil (2020: £nil) in respect of balances related to key management personnel. There were no other transactions during the period with key management personnel.

#### *Ultimate controlling party*

The Company's ultimate controlling party is TDR Capital LLP ('TDR'), a Limited Liability Partnership incorporated in England and Wales. TDR is a leading international private equity firm, managing capital on behalf of institutional, government and private investors worldwide. TDR has an experienced team of investment professionals and operating partners and has a low volume investment strategy based on principles developed by the investment team over the past decade.

TDR Nominees 2016 Limited, a 100% subsidiary of TDR Capital LLP, acts as a nominee company and holds the entire share capital of BBD Topco Sarl as legal owner. BBD Topco Sarl in turn owns 82% of the immediate parent Constellation Automotive Group Sarl (formerly BBD Group Sarl), a company incorporated in Luxembourg.

These consolidated accounts are the largest and smallest group which include the results of Constellation Automotive Group Limited (formerly BBD Parentco Limited) and its subsidiaries. The consolidated financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

### 30. EVENTS AFTER THE REPORTING PERIOD

On 22 April 2021, the Group purchased a property in Corby for £12.0m.

On 12 May 2021, the Group completed the sale and leaseback of a property in Corby for £23.4m.

On 20 May 2021, the Group acquired Rockingham (RT) Limited, Rockingham (GW) Limited and Rockingham (CP) Limited for a combined consideration of £80.0m.

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS

The Group's subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, are 100% owned, and the proportion of voting rights is equal to the proportion of shares owned. The country of incorporation or registration is also their principal place of business. All subsidiary undertakings are included in the consolidation.

Name and Address	Nature of business
<b>Austria</b>	
<i>Börsegasse 10/5, 1010 Wien</i>	
BCA Autoauktionen GesmbH	Non-trading
<b>Belgium</b>	
<i>Rue de l'Hospice Communal 35 - 1170 Watermael-Boitsfort</i>	
BCA Autoveiling – Enchères Autos S.A.	Non-trading
CarTrade2B Belgium S.A. <sup>1</sup>	Vehicle Sale and Purchase
<i>Parc de l'Alliance, Boulevard de France 9 A, 1420, Braine l'Alleud</i>	
BCA Europe Transport Solutions S.A.	Logistics Services for the Automotive Sector
<b>Denmark</b>	
<i>Auktionsvej 8, DK-7120, Vejle</i>	
BCA Autoauktion A/S	Motor Vehicle Remarketing
Carwire A/S	Vehicle Sale and Purchase
T4g One Europe ApS	Vehicle Sale and Purchase
<b>England and Wales</b>	
<i>Headway House, Crosby Way, Farnham, Surrey, GU9 7XG</i>	
Autolink Limited	Non-trading
Autos on Show Limited	Non-trading
Autotrax Limited	Property Leasing
BBD Rock Limited <sup>2</sup>	Non-trading
BCA Automotive Ltd	Intermediate Parent
BCA Central Limited	Intermediate Parent and Management Service Company
BCA Europe Limited	Intermediate Parent and Management Service Company
BCA Fleet Solutions Limited	Motor Vehicle Processing Services
BCA Fleet Solutions 2 Limited	Non-trading
BCA Group Europe Limited	Intermediate Parent
BCA Holdings Limited	Intermediate Parent
BCA Logistics Limited	Logistics Services for the Automotive Sector
BCA Limited	Non-trading
BCA Marketplace Limited	Intermediate Parent
BCA Osprey Finance Limited	Non-trading
BCA Osprey I Limited	Intermediate Parent
BCA Osprey II Limited	Intermediate Parent
BCA Outsource Solutions Limited	Vehicle Sale and Purchase
BCA Pension Trustees Limited	Non-trading
BCA Remarketing Group Limited	Intermediate Parent
BCA Remarketing Solutions Limited	Motor Vehicle Remarketing
BCA Trading Limited	Intermediate Parent
BCA Vehicle Finance Limited	Motor Vehicle Finance
BCA Vehicle Services Limited	Motor Vehicle Processing Services
British Car Auctions Limited	Motor Vehicle Remarketing

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
<b>England and Wales</b>	
<i>Headway House, Crosby Way, Farnham, Surrey, GU9 7XG</i>	
Carland.com Limited	Motor Vehicle Remarketing
Constellation Automotive Limited	Intermediate Parent
Constellation Developments Limited (formerly Cinch New Holdco Limited)	Intermediate Parent
Expelier Catering Limited	Non-trading
Expert Remarketing Limited	Non-trading
Life on Show Limited	Motor Vehicle Photographic Services
Paragon Automotive 2009 Limited	Property Leasing
Paragon Automotive Logistics Ltd	Logistics Services for the Automotive Sector
Paragon Automotive Limited	Non-trading
Paragon Automotive Services Limited	Property Leasing
Paragon Fleet Solutions Limited	Non-trading
Paragon Remarketing Services Limited	Motor Vehicle Remarketing
Paragon Vehicle Services Limited	Non-trading
Pennine Metals B Limited	Intermediate Parent
Scottish Motor Auctions (Holdings) Limited	Intermediate Parent
Sensible Automotive Limited	Logistics Services for the Automotive Sector
SMA Vehicle Remarketing Limited	Non-trading
Smart Prepared Systems Limited	Non-trading
Supreme Wheels Direct Ltd	Motor Vehicle Processing Services
TF1 Limited	Intermediate Parent
The British Car Auction Group Limited	Intermediate Parent
Tradeouts Limited	Non-trading
VAM UK Acquisition Corporation Limited	Intermediate Parent
Walon Automotive Services Limited	Non-trading
Walon Limited	Logistics Services for the Automotive Sector
We Buy Any Car Limited	Vehicle Sale and Purchase
 <i>Boundary Way, Lufton Trading Estate, Yeovil, Somerset BA22 8HZ</i>	
Magna Motors Limited	Non-trading
 <b>Finland</b>	
<i>c/o AAtsto Castren &amp; Snellman Oy, PL 233, 00131 Helsinki</i>	
BCA Finland Oy <sup>3</sup>	Motor Vehicle Remarketing
 <b>France</b>	
<i>5 rue Charles de Gaulle - 94140 Alfortville</i>	
BC Remarketing S.A.S	Motor Vehicle Remarketing
BCAuto Enchères S.A.S	Motor Vehicle Remarketing
CarTrade2B France S.A.S <sup>4</sup>	Vehicle Sale and Purchase
 <i>99 rue du Président Edouard Herriot, 69002 Lyon</i>	
Proov Station S.A.S (22.02%)	Inspection services for the Automotive Sector
 <i>zone Industrielle, Saint-Ustre, 86220 Ingrandes</i>	
Centre De Rénovation De Véhicules D'Occasion Ingrandes (50%)	Motor Vehicle Processing Services

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
<b>France</b>	
12 boulevard René Descartes, 86360 Chasseneuil-du-Poitou Centre De Rénovation De Véhicules D'Occasion Lens (50%) <sup>5</sup>	Motor Vehicle Processing Services
<b>Germany</b>	
Alsfelder Str.23, 36272 Niederaula Fleet Control Monitor GmbH (76%)	Vehicle Inventory Management
Flosshafenstrasse 5, 41460 Neuss BCA Auctions GmbH BCA Autoauktionen GmbH BCA Automotiv GmbH & Co. KG BCA Automotiv Verwaltungs GmbH BCA Europe GmbH CarTrade2B GmbH	Motor Vehicle Remarketing Motor Vehicle Remarketing Motor Vehicle Remarketing Intermediate Parent Intermediate Parent Vehicle Sale and Purchase
Königsallee 106, 40216 Düsseldorf ZABATUS Grundstücks – Vermietungsgesellschaft mbH & Co. Objekt BCA Neuss KG (94%)	Property Leasing
<b>Hungary</b>	
1061 Budapest, Andrásy út 36. 2. em. 5. , Magyarország BCA Hungária Gépjármű-aukciós Kft.	Non-trading
<b>Italy</b>	
Via Emilia 143/A, Lodi 26900 BCA Italia SRL	Motor Vehicle Remarketing
<b>Jersey</b>	
47 Esplanade, St Helier, Jersey, JE1 0BD H.I.J. Limited	Intermediate Parent
3 <sup>rd</sup> Floor, 37 Esplanade, St Helier, Jersey, JE1 1AD Rockingham (RT) Limited <sup>6</sup> Rockingham (GW) Limited <sup>6</sup> Rockingham (CP) Limited <sup>6</sup>	Property Management Property Management Property Management
<b>Netherlands</b>	
De Landweer 4, 3771 LN Barneveld BCA Administratie B.V. BCA Auctions Holdings B.V. BCA Autoveiling B.V. FleetSelect B.V.	Vehicle Sale and Purchase Intermediate Parent Motor Vehicle Remarketing Motor Vehicle Remarketing
<b>Norway</b>	
c/o PWC, Bygdøy allé 2, 0257 Oslo BCA Bilauksjon AS	Motor Vehicle Remarketing

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS *continued*

Name and Address	Nature of business
<b>Poland</b> <i>Rabowicka 9, 62-020 Swazędze</i> BCA Polska Sp. z o.o.	Motor Vehicle Remarketing
<b>Portugal</b> <i>Av. Antonio Augusto de Aguiar, 38 - 6º, 1050-016 Lisboa</i> G – Grupo – Investimentos e Participações, S.A. S.P.L.A. – Sociedade Portuguesa de Leilões de Automóveis, S.A.	Intermediate Parent Motor Vehicle Remarketing
<b>Romania</b> <i>Bucharest, 1st district, Buzesti St. no. 50-52, module 12, 11th floor</i> BC Autolicitatii România - S.R.L	Non-trading
<b>Scotland</b> <i>1 Dunlop Square, Deans Industrial Estate, Livingston, EH54 8SB <sup>7</sup></i> BCA 100 Limited Motor Auctions (Properties) Ltd Scottish Motor Auctions Ltd	Non-trading Property Leasing Non-trading
<b>Spain</b> <i>Sagasta, 15 Planta 2 puerta Izquierda 28004 Madrid</i> BCA España Autosubastas de Vehículos SL BCA Management de Vehiculos SL BCA Servicios Inmobiliarios SL	Motor Vehicle Remarketing Vehicle Sale and Purchase Property Leasing
<b>Sweden</b> <i>Box 5208, 151 13 Södertälje</i> BCA Vehicle Remarketing AB CarTrade2B AB	Motor Vehicle Remarketing Vehicle Sale and Purchase
<b>Switzerland</b> <i>Bodenackerstrasse 3 8957 Spreitenbach</i> BCA AutoRemarketing Schweiz AG	Motor Vehicle Remarketing

<sup>1</sup> incorporated 14 June 2021

<sup>2</sup> acquired 29 March 2021

<sup>3</sup> incorporated 26 May 2021

<sup>4</sup> incorporated 7 June 2021

<sup>5</sup> incorporated 19 April 2021

<sup>6</sup> acquired 20 May 2021

<sup>7</sup> registered office address changed from BCA Kinross, Bridgend, Kinross, KY13 8EN in May 2021

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS *continued*

#### Equity-accounted investments

The tables below provide summarised financial information for those equity-accounted investments that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant equity-accounted investments and not the Group's share of those amounts. They are shown as at the date of the most recent financial statements, which may not be coterminous to the Group. They have been amended to reflect adjustments made by the entity for differences in accounting policy.

#### *Proov Station S.A.S*

	As at 31 December 2020 €'m	As at 31 December 2019 €'m
Non-current assets	2.7	0.9
Current assets	2.8	0.8
Current liabilities	(3.6)	(1.4)
<b>Net assets</b>	<b>1.9</b>	<b>0.3</b>

	For the year ended 31 December 2020 €'m	For the year ended 31 December 2019 €'m
Operating income	3.4	1.1
Operating costs	(5.1)	(1.3)
<b>Operating loss</b>	<b>(1.7)</b>	<b>(0.2)</b>
Income tax	0.4	0.2
<b>Result for the year</b>	<b>(1.3)</b>	<b>-</b>

Reconciliation to carrying amounts:

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
Carrying amount of investment at beginning of year/period	1.7	-
Acquisition of investment in the period	-	1.8
Share of loss in the period	(0.3)	(0.1)
<b>Carrying amount of investment at end of year/period</b>	<b>1.4</b>	<b>1.7</b>

## PENSIONS AND OTHER INFORMATION *continued*

### 31. GROUP UNDERTAKINGS *continued*

*Centre De Rénovation De Véhicules D’Occasion Ingrandes*

	As at 31 December 2020
	€'m
Non-current assets	5.4
Current assets	3.7
Non-current liabilities	(3.7)
Current liabilities	(3.3)
<b>Net assets</b>	<b>2.1</b>

	For the year ended 31 December 2020
	€'m
Operating income	2.8
Operating costs	(4.4)
Depreciation and amortisation	(0.3)
<b>Operating loss</b>	<b>(1.9)</b>
Net finance costs	-
Income tax	-
<b>Result for the year</b>	<b>(1.9)</b>

Reconciliation to carrying amounts:

	For the year ended 28 March 2021
	£'m
Acquisition of investment in the year	1.8
Share of loss in the period	(1.0)
<b>Carrying amount of investment at end of year</b>	<b>0.8</b>

#### Transactions with non-controlling interests

In December 2020, the Group acquired the remaining 24% of the issued shares of Autotrax Limited. Immediately prior to the purchase, the Group paid a dividend of £0.1m. The subsequent carrying amount of the existing 24% non-controlling interest in Autotrax Limited that was acquired by the Group was £nil.

In January 2021, the Group acquired the remaining 25% of the issued shares of Supreme Wheels Direct Limited for £2.0m. Immediately prior to the purchase, the carrying amount of the existing 25% non-controlling interest in Supreme Wheels Direct Limited was £0.8m. The Group recognised a decrease in non-controlling interest of £0.8m and an increase in equity attributable to the owner of the Company.

There were no transactions with non-controlling interests in the period 10 June 2019 to 29 March 2020.

## COMPANY FINANCIAL STATEMENTS

### COMPANY BALANCE SHEET

	Note	As at 28 March 2021 £'m	As at 29 March 2020 £'m
<b>Non-current assets</b>			
Investments	3	697.6	687.6
<b>Total non-current assets</b>		<b>697.6</b>	<b>687.6</b>
<b>Current assets</b>			
Trade and other receivables	4	368.5	338.9
<b>Total current assets</b>		<b>368.5</b>	<b>338.9</b>
<b>Total assets</b>		<b>1,066.1</b>	<b>1,026.5</b>
<b>Current liabilities</b>			
Current tax		(5.6)	-
<b>Total current liabilities</b>		<b>(5.6)</b>	<b>-</b>
<b>Total liabilities</b>		<b>(5.6)</b>	<b>-</b>
<b>Net assets</b>		<b>1,060.5</b>	<b>1,026.5</b>
<b>Equity shareholder's funds</b>			
Share capital	5	0.1	0.1
Share premium	5	1,025.2	1,015.2
Retained profit		35.2	11.2
<b>Total shareholder's funds</b>		<b>1,060.5</b>	<b>1,026.5</b>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account and the related notes. The profit for the Parent Company for the year ended 28 March 2021 was £24.0m (period ended 29 March 2020: £11.2m).

The financial statements on pages 109 to 114 were approved by the Board on 25 June 2021 and were signed on its behalf by:



**T G Lampert**

Chief Financial Officer

Company registration number: 12042162

## COMPANY CASH FLOW STATEMENT

	For the year ended 28 March 2021 £'m	For the period 10 June 2019 to 29 March 2020 £'m
<b>Cash flows from operating activities</b>		
Profit for the year/period	24.0	11.2
Adjustments for:		
Income tax charge	5.6	-
Net finance income	(29.6)	(11.2)
<b>Cash utilised by operations</b>	-	-
Net interest received	29.6	11.2
<b>Net cash inflow from operating activities</b>	<b>29.6</b>	<b>11.2</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary undertaking, net of cash acquired	-	(687.6)
Additional shares subscribed for in existing subsidiaries	(10.0)	-
<b>Net cash outflow from investing activities</b>	<b>(10.0)</b>	<b>(687.6)</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued	10.0	1,015.3
Amounts loaned to subsidiary undertakings	(29.6)	(338.9)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(19.6)</b>	<b>676.4</b>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year/period	-	-
<b>Cash and cash equivalents at year/period end</b>	<b>-</b>	<b>-</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'m	Share premium £'m	Retained earnings £'m	Total £'m
<b>Balance on incorporation at 10 June 2019</b>		-	-	-	-
<i>Total comprehensive income for the period</i>					
Profit for the period		-	-	11.2	11.2
<b>Total comprehensive income for the period</b>		-	-	11.2	11.2
<i>Contributions and distributions</i>					
Net proceeds from shares issued	5	0.1	1,015.2	-	1,015.3
<b>Total transactions with owner</b>		<b>0.1</b>	<b>1,015.2</b>	-	<b>1,015.3</b>
<b>Balance at 29 March 2020</b>		<b>0.1</b>	<b>1,015.2</b>	<b>11.2</b>	<b>1,026.5</b>
<i>Total comprehensive income for the year</i>					
Profit for the year		-	-	24.0	24.0
<b>Total comprehensive income for the year</b>		-	-	24.0	24.0
<i>Contributions and distributions</i>					
Net proceeds from shares issued	5	-	10.0	-	10.0
<b>Total transactions with owner</b>		-	<b>10.0</b>	-	<b>10.0</b>
<b>Balance at 28 March 2021</b>		<b>0.1</b>	<b>1,025.2</b>	<b>35.2</b>	<b>1,060.5</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of preparation

Constellation Automotive Group Limited (formerly BBD Parentco Limited) ('CAGL', the 'Company') is a UK private company limited by shares. These Company financial statements for the year ended 28 March 2021 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs) and the applicable legal requirements of the Companies Act 2006. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared under the historical cost convention.

The financial statements and the notes to the financial statements are presented in millions of Pounds Sterling ('£'m') except where otherwise indicated.

The accounting policies applied in the preparation of these Company financial statements are the same as those set out in note 4 of the Annual Report and Accounts 2021, with the exception of note 2 'Basis of consolidation' and the policy on investments in subsidiaries, which are stated at cost less impairment.

### 2. EMPLOYEES AND DIRECTORS

There were no employees of the Company during the year to 28 March 2021 (period 10 June 2019 to 29 March 2020: nil).

### 3. INVESTMENTS IN SUBSIDIARIES

	Total £'m
<b>Cost</b>	
At 30 March 2020	687.6
Additions	10.0
<b>At 28 March 2021</b>	<b>697.6</b>

At 28 March 2021 the Company owns 100% of the issued share capital of Constellation Automotive Limited (formerly BBD Bidco Limited) and owns indirectly the subsidiary undertakings listed in note 31 of the Annual Report and Accounts 2021.

### 4. TRADE AND OTHER RECEIVABLES

	As at 28 March 2021 £'m	As at 29 March 2020 £'m
Amounts owed by subsidiary undertakings	368.5	338.9
<b>Total trade and other receivables</b>	<b>368.5</b>	<b>338.9</b>

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and bear interest at 9.05% per annum.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

### 5. SHARE CAPITAL AND RESERVES

The details of the Company's share capital and the nature of the reserves are disclosed in note 25 of the Annual Report and Accounts 2021.

### 6. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

#### Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The responsibility for monitoring the effectiveness of risk management is carried out by the Board.

#### Market risk

Market risk is the risk that changes in market prices (principally exchange rates and interest rates) will affect the Company's income or the value of its holdings of financial instruments.

#### Foreign exchange risk

The Company has no direct significant interaction with foreign currency. Members of the Group in which the Company holds its investment operate in continental Europe, which means that through its investment the Company has some indirect exposure to foreign exchange risk.

#### Interest rate risk

The Company has no external debt and therefore has no significant exposure to interest rate risk.

#### Credit risk

Credit risk is the risk of financial loss in the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally through receivables from Group companies.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company currently meets all liabilities from intercompany loans. The Company's liability for operating expenses is monitored on an ongoing basis to ensure cash resources are adequate to meet liabilities as they fall due.

#### Capital risk management

The aim of the Company is to maintain sufficient funds to enable it to make suitable investments and incremental acquisitions whilst minimising recourse to bankers and/or shareholders.

#### Fair values

The fair values of all financial instruments are equal to their carrying values.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

### 7. RELATED PARTY TRANSACTIONS

Remuneration of the Directors' who constitute key management personnel of the Company has been disclosed in note 29 of the Annual Report and Accounts 2021.

### 8. COMMITMENTS AND CONTINGENCIES

#### **Capital commitments**

There are no capital commitments to disclose in this report.

#### **Contingencies**

There are no disputes with any third parties that would result in a material liability for the Company.

The Company has entered into an agreement over various bank loans and overdrafts of certain Group undertakings and has granted as security a fixed and floating charge over all its present and future assets.