Motability
Operations group plc

Half Year Report 2025

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Motability Operations runs the Motability Scheme, which gives disabled people the freedom to get to work, school, medical appointments, and live independently.

We are overseen by the Motability Foundation, funded by disabled people's allowances and private investment, and we reinvest any profits back into disabled people's mobility.

The Motability Scheme was set up to address a market failure that still exists today: despite best intentions, the UK car market does not meet the needs of disabled people.

The Scheme enables disabled people to exchange their qualifying allowance for a good value and accessible vehicle. It is life-changing; two thirds (67%) of customers save time through quicker journeys and one in five (21%) of our customers report improved job opportunities, working an additional two days per week on average.

The Scheme also delivers real value to the economy, supporting 34,000 jobs in communities across the UK and generates £1.50 in economic benefit for every £1 of disability allowance spent.

We are committed to safeguarding the long term sustainability of the Scheme for our customers and the wider country.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted for use in the UK and that the Interim Management Report includes a fair review of the information required by DTR 4.2.7, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements; and
- a description of the principal risks and uncertainties for the remaining six months of the financial year.

Andrew Miller
Chief Executive Officer

23 May 2025

Matthew Hamilton-James
Chief Finance Officer

23 May 2025

See more in the about us section of our website

Motability Operations

Navigating change, delivering independence for our customers

"Our mission has never been more important. As we focus on navigating change in the mobility and welfare landscape, our commitment to disabled people remains constant. The life-changing difference the Scheme continues to make in our customer's daily lives is also felt more broadly across the wider economy and society. With over £11bn in estimated social value and £4.3bn contributed to the UK economy each year, our role is clear: to lead responsibly, invest with purpose, and ensure no one is left behind."

Delivering for our customers

- **Staying focused through change.** We are responding to a shifting welfare policy and mobility landscape, continuing to deliver independence, value and choice to disabled people across the UK.
- **Making a bigger difference.** According to Oxford Economics* the Scheme was estimated to deliver £11.2bn in social value for our customers in the year 2022/23 and contributes £4.3bn to the UK economy; clear evidence of the scale and depth of our impact.
- **Ongoing leadership in accessible Electric Vehicle (EV) innovation.** As the transition to EVs accelerates, we're ensuring the needs of disabled people are considered, through projects like eVITA and our new partnership with Kia on the PV5 Wheelchair Accessible Vehicle (WAV).

The Motability Scheme is a lifeline for the disabled people who rely on it – providing independence, access to work, healthcare, education and training as well as confidence and control. At Motability Operations, we are proud to deliver this vitally important service in an increasingly complex operating environment.

Over the past six months, we have faced ongoing inflationary pressures, particularly around insurance and servicing. At the same time, the UK Government's welfare reform agenda, the transition to electric vehicles (EVs) and the threat of tariffs are all making forecasting more challenging and drastically reshaping the landscape we operate in. Despite these challenges we remain confident in our operating model and that it delivers real long-term value for disabled people and the wider UK economy.

Against this backdrop, we have reported a consolidated pre-tax loss for HY25 of £144.6m, which is driven by the inflationary pressures in our operating environment together with the costs of our customer support initiatives.

Andrew Miller
Chief Executive Officer

* The impact of the Motability Scheme, a report by Oxford Economics. The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

However, our underlying financial strength remains robust, and we are committed to managing costs carefully while continuing to provide our customers with the all-inclusive, good value leasing package they depend on.

Supporting a customer-focused EV transition

The transition to EVs is one of the most significant transport changes that the UK has faced. For many customers, the Scheme will be their first practical experience of EVs and we're working hard to ensure that this is as smooth and supported a process as possible. We're continuing to see our EV fleet grow and we now have more than 94,000 EVs on the road. We're investing in partnerships and longer term innovation to make the transition smoother for our customers - most recently through the launch of our eVITA concept demonstrator vehicle. Developed with CALLUM design studio and shaped by our customers' insights, eVITA provides a blueprint for electric vehicles that are accessible to wheelchair users.

I am also proud of our work with Kia to inform the development of their new PV5 WAV variant, which is an example of how collaboration with manufacturers can drive inclusion and progress across the industry. These projects form part of our wider efforts to ensure no one is left behind by the shift to electric.

Delivering social and economic value across the UK

At the heart of everything we do is our customer impact. According to Oxford Economics* the Scheme was estimated to deliver £11.2bn in social value for our customers in the year 2022/23 - driven by increased wellbeing, reduced isolation, and the confidence their vehicle provides. It also provides improved access to employment, with 21% of customers surveyed saying their Motability vehicle improved their job opportunities, which is demonstrated by the fact that Scheme customers work on average two days a week more than non-customers.

The Scheme also contributes significantly to the UK economy, supporting over 34,000 jobs and adding £4.3bn in value each year. From car manufacturers and converters to support services and suppliers, we help sustain a vibrant and inclusive automotive ecosystem.

H1 FY25 Key Highlights

Financial Performance

- £144.6m pre-tax loss reported for HY25
- Continued focus on cost control while delivering an all-inclusive, good-value package

Customer Reach and Impact

- 860,000 customers currently lease a vehicle through the Motability Scheme
- £11.2bn estimated social value delivered in 2022/23 (Oxford Economics*)
- 21% of customers surveyed reported improved job opportunities as a result of joining the Scheme

Economic Contribution

- £4.3bn annual contribution to the UK economy (Oxford Economics*)
- 34,000 jobs supported across the UK, through direct employment and the broader automotive supply chain (Oxford Economics*)

Customer Satisfaction and Service

- Customer satisfaction remains high. On average, across our Scheme customers, overall satisfaction with the Scheme is 9.4 out of 10**
- Ongoing investment in digital services and frontline support to improve accessibility and user experience

Supporting access to Wheelchair Accessible Vehicles (WAVs)

- 35,000 WAVs currently on the Motability Operations fleet
- £80m invested to reduce pricing pressures for WAVs in FY24
- Reveal of eVITA, the UK's first electric WAV concept demonstrator vehicle, developed with CALLUM
- Collaboration with Kia informed the development of the PV5 WAV variant, the first of its kind from a car manufacturer

Looking to the future

As we look to the second half of the year, our focus is clear: continuing to deliver for our customers, supporting a just and practical transition to EVs, and securing long-term value through financial discipline and innovation. We will continue to engage actively with policymakers, partners, and the disabled people we serve to ensure the Scheme remains resilient and inclusive.

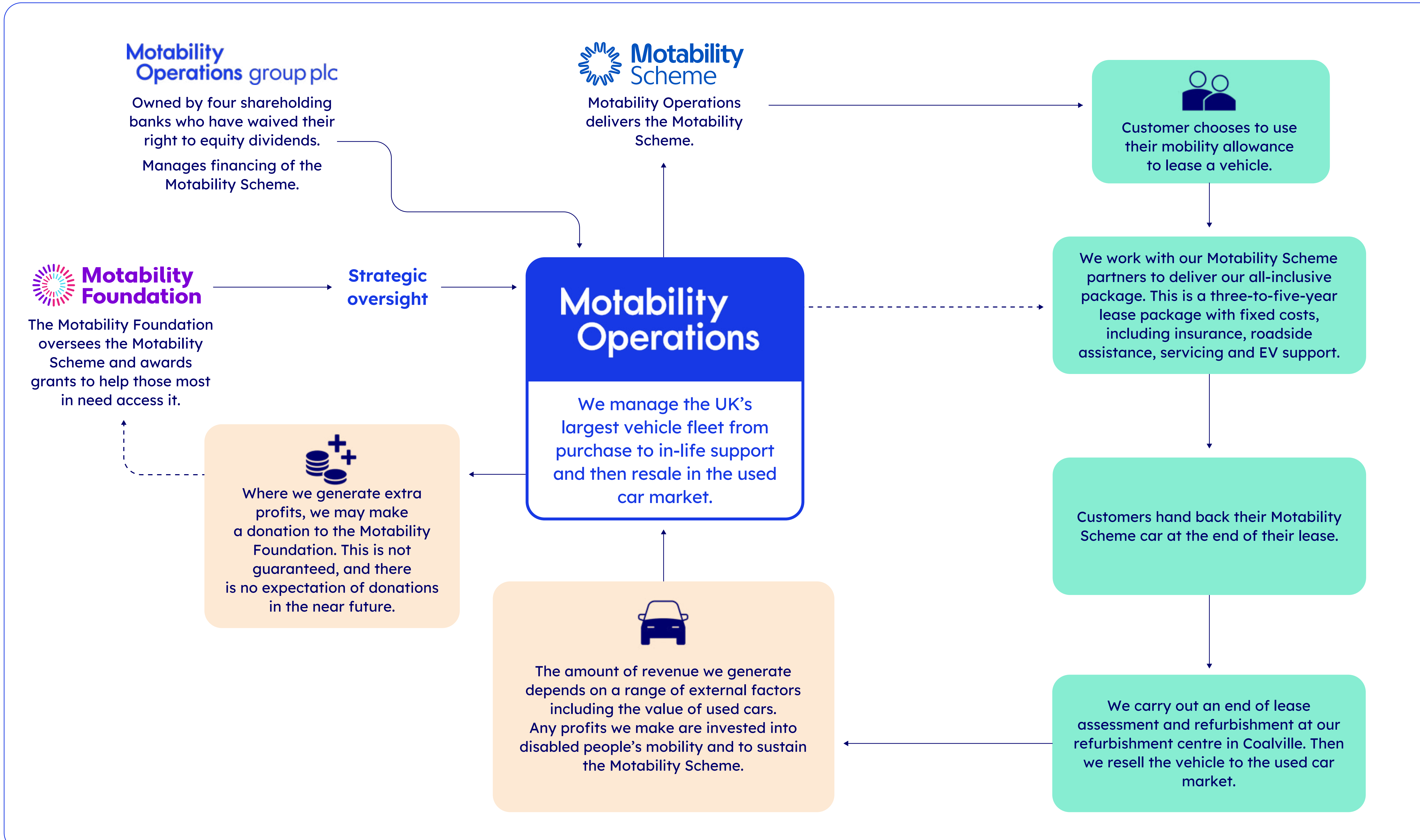
I want to thank everyone across our teams and our partners for their dedication and support. The work we do together continues to change lives, and that is what matters most.

* The impact of the Motability Scheme, a report by Oxford Economics. The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

** Ipsos interviewed 5572 Motability Scheme Car customers online between 27 February 2025 - 20 March 2025. Data has been weighted to the profile of Motability Scheme car fleet customers.

Motability Operations

How the Motability Scheme works



Motability Operations

Our operating environment

External factors
The external pressures on our business model

- Inflation and rising motoring costs.
- Rising energy costs and materials.
- The UK's transition to electric vehicles (EVs).
- The prices of used cars fluctuate.
- Supply chain disruption.

Our operation

Motability Operations

Our robust business model is designed to protect our customers from rising costs during their lease.

Value
The value we create

- Freedom and independence for our customers.
- Motability Operations' total contribution to GDP (Gross Domestic Product) is £4.3bn. Oxford Economics*
- Our people help us to provide the Motability Scheme to over 860,000 customers.
- We work with the Motability Foundation to find innovative solutions for disabled people.
- Our Motability Scheme partners help to provide our all-inclusive leasing package.
- We have the largest fleet of cars in the UK and our relationships with manufacturers and dealers are crucial to the way we run the Motability Scheme.
- We also support our local communities with a range of initiatives.
- We work with and support a range of healthcare and disability organisations.

* The impact of the Motability Scheme, a report by Oxford Economics. The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

Building solid financial foundations to support our customers

"We've delivered a strong business performance and maintained a disciplined approach to pricing, despite ongoing inflationary pressures. Our half year results reflect our focus on managing through the cycle and the short-term impact of cost volatility, while ensuring our fundamentals remain robust. With a strong capital base and newly secured funding from the market, we're well positioned to continue supporting customers and investing for the long term."

Financial performance

In the first half of the 2025 financial year, we reported an underlying pre-tax loss of £75.3m, reflecting continued inflationary pressures in insurance and in-life service costs. Revenue rose by 7% to £3.56bn, primarily due to an increase in rental income, underpinned by our customer base and associated payments. While vehicle disposal volumes normalised following the clearance of the post-pandemic order book, average resale values remained strong. The statutory pre-tax loss of £144.6m includes £142.5m of one-off investment in completed customer support programmes, including the New Vehicle Payment (NVP) and EV initiatives. Despite these pressures, our financial position remains robust, supported by strong capital reserves, disciplined lease pricing, and £1.5bn of new bond financing raised to fund continued support for disabled people.

Revenue for the six months to March 2025 increased by 7% to £3,555.7m (2024: £3,310.8m).

- Rental income rose 22.1%, driven by a 97,000 increase in customer numbers and the 7% uplift in mobility allowances introduced in April 2024. The uplift in mobility allowances in part offsetting the inflationary pressures in insurance and maintenance.
- 128,700 vehicles were sold during the period, 15,200 fewer than in 2024, when volumes were elevated by order book fulfilment and lease extensions ending. As a result, disposal proceeds declined by 4.4%, despite a 7.6% increase in average resale values.
- We reported an underlying pre-tax loss of £75.3m (2024: £20.1m loss) after adjusting for one-off customer support investments and residual value effects.

Financial performance summary

- **Strong underlying business performance.** Reflecting robust business resilience to the external environment and revenue growth of 7% to £3.56bn, driven by changing customer footprint and continued demand for mobility solutions and higher lease volumes.
- **Stability in vehicle resale performance and outlook for used car values.** Helping to maintain financial resilience and any surplus to be reinvested in the Scheme.
- **Underlying pre-tax loss of £75.3m.** Reflecting sustained inflationary pressures in insurance and vehicle maintenance.
- **£1.5bn raised in new Social Bond financing.** Strengthening liquidity and our ability to connect disabled people to freedom and independence through our fleet.

Matthew Hamilton-James
Chief Finance Officer

Underlying result before tax

We reported a statutory pre-tax loss of £144.6m (2024: £260.7m loss), primarily driven by:

- Ongoing recognition of customer support programme costs (New Vehicle Payments (NVP) and EV investment)
- Inflationary pressures across the in-life cost base
- In part offset by positive residual value effects

To reflect the underlying performance, we adjust for discretionary and non-recurring items:

- **Customer support investments:** £100.6m (NVP) and £41.9m (EV) were recognised in the period. These one-off, time-bound initiatives concluded in 2024 and were funded from reserves built up between 2020–2023.
- **Residual value effects:** A £15.0m gain was recognised from higher-than-expected resale values. Fleet revaluation remained stable, with a minimal £1.3m adjustment and the benefit of a partial reversal of the previous year's impairment (£59.6m).

After adjusting, the **underlying pre-tax loss** was **£75.3m** (2024: £20.1m loss).

Inflationary environment

Cost inflation, especially in insurance and servicing, continues to be the main pressure on the underlying result. Lease pricing is fixed for customers, meaning in-life cost increases are absorbed by Motability Operations. As noted in our 2024 Annual Report, inflation in insurance has been particularly acute, with additional impacts from extended leases affecting other in-life costs, albeit lease extension volumes are now returning to normal. A targeted programme is underway to manage these cost areas.

New lease pricing continues to be set at a minimum 1.5% return on asset to maintain long-term financial sustainability.

Funding and liquidity

We continue to focus on diversifying funding sources and maintaining a strong liquidity position. In January 2025, we issued three new bonds under our Social Bond Framework:

- £350m (20-year), €750m (8-year), and €650m (12-year).

These bonds support our fleet management and provide liquidity as we plan ahead.

- Our £1.5bn revolving credit facility remains undrawn.
- Cash and cash equivalents totalled £1,347.5m at 31 March 2025 (2024: £289.7m).
- We maintain investment-grade credit ratings: A2 (Moody's, stable) and A (S&P, negative).

£m	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Loss before tax		**(144.6)**	**(260.7)**
Adjusting items			
New Vehicle Payment incentives	4	**100.6**	**66.1**
EV investment		**41.9**	**22.6**
Charitable donations	5	**0.1**	**–**
Residual value adjustments			
(Gains)/Losses from disposal of fully terminated leases	16	(15.0)	26.4
Residual value adjustments	6	1.3	(106.5)
Impairment of assets/(reversal)	9	(59.6)	231.9
Total residual value adjustments		**(73.3)**	**151.9**
Underlying loss before tax		**(75.3)**	**(20.1)**

Outlook

We are closely monitoring the UK Government's proposed welfare reforms, outlined in the Pathways to Work Green Paper (March 2025). Importantly, the mobility component of PIP remains unaffected and will continue to be uprated with CPI. However, a planned review of PIP assessments could have implications for Scheme participation if qualifying criteria change.

We are also continuing to support a practical and inclusive transition to electric vehicles. While residual values remain stable, we are actively tracking trends in consumer sentiment and EV resale performance.

With a strong capital base and a resilient business model, we remain focused on delivering long-term value and independence for our customers.

H1 FY25 Key Financial Highlights

Customer footprint:
The customer fleet stood at 860,000 at the end of the first half of the financial year, reflecting a continued increase in demand, though at a slower pace than previous years.

Used car values:
Remained stable, leading to minimal residual value adjustments and a small profit on vehicle disposals.

Statutory result:
Reported pre-tax loss of £144.6m, including £142.5m of investment in completed customer support programmes (NPV and EV).

Underlying result:
Pre-tax loss of £75.3m, reflecting ongoing inflationary pressures, particularly in insurance and in-life vehicle services.

Lease pricing discipline:
New leases continue to be priced to deliver a minimum 1.5% return on asset following the end of customer support programmes.

Strengthened funding:
Raised £1.5bn in new financing through Social Bonds in January 2025 to allow us to continue to connect disabled people to freedom and independence through our fleet.

Capital position:
Capital reserves stood at £3.9bn at March 2025 – maintaining a strong 25% capital-to-asset ratio.

Our dynamic and robust approach

At Motability Operations, we recognise that sound risk management is fundamental to the successful and sustainable operation of the business.

It's a core commitment that our approach protects the interests of customers and seeks to ensure risks are managed sufficiently to avoid financial, reputational and operational shocks to the business.

Our enterprise risk management (ERM) framework is enshrined within our day-to-day activities and our governance framework, which is overseen and managed by our Risk Management Committee (RMC).

The Risk Management function is predicated on a dynamic business partnering approach, supporting the business with identification of risks and opportunities, control reviews, risk awareness and enhancing Motability Operations' approach to ERM. This approach ensures the Executive are aligned on the most significant areas of risk/opportunity.

As business challenges grow increasingly complex, the risk landscape is rapidly evolving due to factors such as geopolitical tensions, advancements in the automotive industry, and significant geoeconomic shifts. To address this, our Business Risk team focuses on emerging risks and conducts forward-thinking analyses of external threats and opportunities. This approach embeds ERM within our business strategy and transition, facilitated through effective business partnering.

We have designed our risk management framework around the 'three lines model' for risk governance.

1st line
Primary risk management

- Controls designed into processes and procedures
- Risk assessments and control action plans
- Project risk identification and management processes

2nd line
Expertise, support, monitoring and challenge

- Risk department activities
- Policies and procedures. For example, Authorities Manual
- Executives and Senior Leaders have personal and functional accountability for identifying and managing risk
- Company Performance Report and KPIs
- Activities of the Board and Committees
- Risk Management Committee, focused on ERM and emerging risks

3rd line
Independent and objective assurance

- Follow-up of agreed recommendations against implementation deadlines and subsequent reporting
- Internal Audit reviews

Motability Operations

Risk identification and monitoring

Risks and uncertainties in the 2024 Annual Report are those the Board considers to be the principal risks and uncertainties. Having subsequently reviewed these again, the Board considers them to remain relevant. A summary of the key risks are shown below; for more detailed information, refer to the 2024 Annual Report and Accounts.

- **Residual Values**: We provide our customers with a fixed price over their lease term, predominantly covering a three-year period. This underpins our most significant risk as we underwrite the exposure to unforeseen and material movement in the market value of second-hand vehicles.
- **Insurance:** Insurance cost is the second biggest risk we face, and because we fix this cost for our customers for between three and five years (depending on lease type or vehicle type), our exposure is larger than is typical in the market.
- **Treasury Risk:** The availability of sustainable funding and liquidity is critical to our ongoing operation. Risks include those associated with exposure to interest and exchange rate movements, liquidity, funding, counterparty and operational risk.
- **Credit Risk:** Customers assign their allowances to us, and these are paid directly from the Department for Work and Pensions (DWP) or Social Security Scotland. As a result, the credit risk is low. If the Government did transfer responsibility of payment to the customer, as with Housing Benefit under Universal Credit, Motability Operations could be exposed to significant credit risk.
- **Operational Risk**: The efficiency of our business is key to delivering excellent customer service and ensuring we maximise and protect the value of our assets.
- **Cyber/Information Security Risk:** We have a well-structured, layered approach to IT security and have implemented enhanced controls. We continue to monitor the ever-changing nature of the external threats faced and have established controls and an ongoing programme of development in this area.
- **Supplier Failure:** Our core product offering is delivered through contracts with key suppliers who provide the vehicles, the vehicle insurance services, roadside assistance, and tyre and windscreen replacement services. The failure of a key supplier would create difficulty for customers and potentially have significant financial implications as we seek alternative service providers.
- **Business Continuity:** Business operations are reliant upon people, and the systems and activities performed by our employees, in conjunction with our key suppliers and partners. Any major and sustained disruption to these business activities caused by fire, flood, extreme weather, contamination, business systems, telecommunication or a natural or physical disaster such as a pandemic could have a significant impact on the customers and the wider business objectives.
- **Climate Risk:** Climate change and sustainability are key issues for UK businesses. We could experience losses and/or reputational damage because of climate change and UK Government regulation to stop production of petrol and diesel vehicles by 2030. This could be directly, through a reduction in our customers, where an EV may not be practical or suit their mobility, or through third-party engagements. In addition, impacts could be seen through an increase in the economic disruption from extreme weather events, such as flooding.
- **People Risk:** People and our culture are fundamental to the continued success of the business. People risk includes, but is not limited to, risks relating to talent attraction and retention, employee engagement, Motability Operations' approach to hybrid working and diversity and inclusion.

Motability Operations

Independent review report to Motability Operations Group PLC

Conclusion

We have been engaged by Motability Operations Group plc ("the Company") to review the condensed set of financial statements in the half-year financial report for the six months ended 31 March 2025 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 31 March 2025 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-year financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-year financial report in accordance with IAS 34 as adopted for use in the UK.

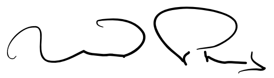
In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.



Richard Pinks
for and on behalf of KPMG LLP
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

23 May 2025

Consolidated income statement

For the six months ended 31 March 2025

	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Revenue	4	**3,555.7**	**3,310.8**
Net operating costs excluding charitable donations		(3,450.9)	(3,421.0)
Charitable donations		(0.1)	–
Net operating costs	6	**(3,451.0)**	**(3,421.0)**
Profit/(loss) from operations		104.7	(110.2)
Finance costs	7	(249.3)	(150.5)
Loss before tax		**(144.6)**	**(260.7)**
Taxation			
Taxation excluding the impact of changes in the UK corporation tax rate	8	43.9	77.2
Loss for the period		**(100.7)**	**(183.5)**

All amounts in current and prior periods relate to continuing operations (see note 2).

The profit is non-distributable and held for the benefit of the Scheme.

Consolidated statement of comprehensive income

For the six months ended 31 March 2025

	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Loss for the period		**(100.7)**	**(183.5)**
Other comprehensive income – items that may be reclassified subsequently to profit or loss			
Gains/(losses) on movements in fair value of cash flow hedging derivatives	14	28.0	(64.5)
(Losses)/gains on cash flow hedges reclassified to the income statement	14	(35.7)	30.1
Tax relating to components of other comprehensive income		1.9	8.5
Other comprehensive loss for the period, net of tax		**(5.8)**	**(25.9)**
Total comprehensive loss for the period		**(106.5)**	**(209.4)**

Consolidated balance sheet

As at 31 March 2025

	Note	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Assets				
Non-current assets				
Intangible assets		23.6	30.7	39.4
Property, plant and equipment		92.0	85.8	69.1
Assets held for use in operating leases	9	15,253.8	14,295.3	13,018.0
Financial assets at amortised cost		111.2	136.9	228.7
Prepayments, trade and other receivables		172.0	187.9	175.9
Derivative financial instruments	15	1.8	–	–
		15,654.4	**14,736.6**	**13,531.1**
Current assets				
Corporation tax receivable		68.4	95.7	85.9
Inventories	10	249.4	226.5	275.6
Financial assets at amortised cost		55.6	93.0	21.3
Cash and bank balances		1,504.2	1,319.6	440.8
Insurance receivables		237.4	128.1	115.2
Prepayments, trade and other receivables		778.7	733.9	684.7
Reinsurers' share of insurance provisions	13	616.3	531.1	569.2
Derivative financial instruments	15	–	0.6	1.6
		3,510.0	**3,128.5**	**2,194.3**
Total assets		**19,164.4**	**17,865.1**	**15,725.4**

* Restricted reserves are retained for the benefit of the Scheme. As regards ordinary shareholders, there is no dividend entitlement. A reserves management policy has been established to ensure that the business and the customer proposition are sustainable throughout the economic cycle.

	Note	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Liabilities				
Current liabilities				
Deferred rental income	11	(394.4)	(326.9)	(272.6)
Provision for customer rebates	12	(31.2)	(31.7)	(30.4)
Insurance payables		(116.5)	(103.7)	(107.2)
Trade and other payables		(334.3)	(337.5)	(345.7)
Provision for insurance claims outstanding	13	(946.0)	(744.5)	(732.1)
Financial liabilities	14	(781.9)	(682.8)	(634.7)
Derivative financial instruments	15	(33.0)	(16.5)	(5.6)
		(2,637.3)	**(2,243.6)**	**(2,128.3)**
Net current assets/(liabilities)		**872.7**	**884.9**	**66.0**
Non-current liabilities				
Deferred rental income	11	(673.2)	(608.2)	(480.8)
Provision for customer rebates	12	(49.1)	(40.5)	(31.3)
Financial liabilities	14	(11,410.9)	(10,383.4)	(8,300.2)
Derivative financial instruments	15	(102.9)	(146.2)	(82.6)
Deferred tax liabilities		(391.5)	(437.2)	(489.7)
		(12,627.6)	**(11,615.5)**	**(9,384.6)**
Total liabilities		**(15,264.9)**	**(13,859.1)**	**(11,512.9)**
Net assets		**3,899.5**	**4,006.0**	**4,212.5**
Equity				
Ordinary share capital		0.1	0.1	0.1
Hedging reserve	14	7.5	13.3	(13.0)
Restricted reserves*		3,891.9	3,992.6	4,225.4
Total equity		**3,899.5**	**4,006.0**	**4,212.5**

These financial statements on pages 11 to 31 were approved by the Board of Directors on 23 May 2025 and signed on behalf of the Board.

Andrew Miller
Chief Executive

The notes on pages 14 to 31 form part of these financial statements

Consolidated statement of changes in equity

For the six months ended 31 March 2025

	Ordinary share capital £m	Hedging reserve £m	Restricted reserves £m	Total £m
At 1 October 2023	**0.1**	**12.9**	**4,408.9**	**4,421.9**
Comprehensive income				
Loss for the period	–	–	(183.5)	(183.5)
Other comprehensive income – items that may be reclassified subsequently to profit or loss				
Losses on movements in fair value of cash flow hedging derivatives	–	(64.5)	–	(64.5)
Gains on cash flow hedges reclassified to the income statement	–	30.1	–	30.1
Tax relating to components of other comprehensive income	–	8.5	–	8.5
Total comprehensive loss	**–**	**(25.9)**	**(183.5)**	**(209.4)**
At 31 March 2024	**0.1**	**(13.0)**	**4,225.4**	**4,212.5**
At 1 October 2024	**0.1**	**13.3**	**3,992.6**	**4,006.0**
Comprehensive income				
Loss for the period	–	–	(100.7)	(100.7)
Other comprehensive income – items that may be reclassified subsequently to profit or loss				
Gains on movements in fair value of cash flow hedging derivatives	–	28.0	–	28.0
Losses on cash flow hedges reclassified to the income statement	–	(35.7)	–	(35.7)
Tax relating to components of other comprehensive income	–	1.9	–	1.9
Total comprehensive loss	**–**	**(5.8)**	**(100.7)**	**(106.5)**
At 31 March 2025	**0.1**	**7.5**	**3,891.9**	**3,899.5**

The notes on pages 14 to 31 form part of these financial statements

Consolidated statement of cash flows

For the six months ended 31 March 2025

	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Cash flows from operating activities			
Cash used in from operations	16	(737.5)	(1,510.5)
Interest paid		(220.8)	(130.5)
Income tax recovered/(paid)		27.4	(12.0)
Charitable donations		(0.1)	–
Net cash used in operating activities		**(931.0)**	**(1,653.0)**
Cash flows from investing activities			
Purchase of intangible assets		–	–
Purchase of property, plant and equipment		(10.5)	(6.2)
Proceeds from sale of property, plant and equipment		0.2	0.2
Net divestment of financial assets at amortised cost		63.1	69.1
Net cash generated from investing activities		**52.8**	**63.1**
Cash flows from financing activities			
New loans raised		(0.1)	–
Loans settled		–	(150.0)
Bonds issued		1,520.5	1,951.2
Bonds redeemed		(433.8)	–
Payments of principal portions of lease liabilities		(1.4)	(1.9)
Repurchase of preference shares		(10.0)	–
Net cash generated from financing activities		**1,075.2**	**1,799.3**
Net increase in cash and cash equivalents		**197.0**	**209.4**
Cash and cash equivalents at beginning of period		1,150.2	80.3
Cash and cash equivalents at end of period	16	**1,347.2**	**289.7**

Notes to the financial statements

1. General information

Motability Operations Group plc is a company incorporated and domiciled in the United Kingdom, whose shares are privately owned. The address of the registered office is 22 Bishopsgate, London, EC2N 4BQ.

Motability Operations Group plc ('the Company') and its subsidiaries will be referred to as 'the Group' in this report.

These condensed financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company and Group operates.

This condensed set of financial statements does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 30 September 2024 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This condensed set of financial statements has been reviewed, not audited.

Accounting convention

The financial statements have been prepared under the historical cost convention, except the revaluation of financial assets and financial liabilities (including derivative instruments) which are valued at fair value through profit or loss apart from derivative instruments relating to cash flow hedges which are classified and measured at fair value through other comprehensive income.

2. Significant accounting policies

Basis of preparation

This condensed set of financial statements for the six months ended 31 March 2025 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted for use in the UK. The condensed set of financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 September 2024, which were prepared in accordance with UK-adopted international accounting standards. The Group's significant accounting policies are contained within the Group's annual financial statements but an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period is set out below. The annual financial statements of the Group for the year ended 30 September 2025 will also be prepared in accordance with UK-adopted international accounting standards.

The preparation of financial statements in conformity with UK-adopted international accounting standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, event or actions involved, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2024, as described in those annual financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report of the latest Annual Report on pages 3 to 54. In addition, note 36 to the annual financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit, liquidity and foreign exchange risk. The Directors continue to adopt the going concern basis in preparing the financial statements, which is deemed appropriate for the reasons described below.

The Group has considerable financial resources, with restricted reserves of £3.9bn as at 31 March 2025 (30 September 2024: £4.0bn), together with a long-term contract with Motability to operate the 'Motability Scheme'.

The half-year period ended 31 March 2025 saw customer volumes increase by 5.5% to a total of 860k, with the growth driven by an additional 80k new business customers joining the scheme – a consequence of the continued growth in the eligible base of recipients of the qualifying disability allowances. Over the same period, agreements in a lease extension period fell by 26k to 57k, which is broadly in line with the pre-pandemic level of 7% of fleet in extension. The Group has funded this fleet growth by issuing three new bonds under our Social Bond Framework in January this year (£500m 20-year bond, €750m 8-year bond and €650m 12-year), supported by corporate credit ratings of A2 with Moody's (stable outlook); and A with S&P (negative outlook).

The reported pre-tax loss of £145m for the period includes £143m of funding for our customer support programmes (New Vehicle Payment (NVP) and Electric Vehicle (EV) investment), which concluded at the end of 2024 and reflects the impact of inflationary pressures on insurance and in-life service costs for the extant fleet. Used car values remained relatively stable through the period, manifesting in minimal residual value adjustments and a marginal profit recognised on the resale of expiring leases.

The Directors have prepared budgets and cash flow forecasts for the period to 30 September 2025, at least 12 months from the date of approval of this Half Year Report, by means of a baseline forecast. The baseline forecast from 31 March 2025 is based on the most recent economic conditions and forecasts.

In addition, the Directors have applied severe, yet plausible, downside scenarios to the baseline forecast, reflecting the potential effects to operations and financial performance through a period of economic and market volatility. These include a deterioration in revenue from disposal of operating lease assets and an inability to issue debt under the Euro Medium Term Note Programme in distressed financial markets.

Within both the baseline and stressed forecasts the Group has significant headroom to:

- continue to fund the business and meet its liabilities utilising current banking facilities, detailed in note 14;
- meet the objectives of its capital and reserves management policy, detailed in note 36 of the latest Annual Report; and
- comply with the debt financing covenant, detailed in note 36 of the latest Annual Report.

The forecast headroom in the event of these severe, yet plausible, scenarios coming to fruition indicates that no mitigating action is required.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared this Half Year Report on a going concern basis.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2. Significant accounting policies continued

Property, plant and equipment

Depreciation is calculated to write down assets, on a straight-line basis, over the estimated useful life of the assets as follows:

Buildings	Fifty years
Non-structural building works	Twenty-five years
Industrial fixtures	Five to ten years
Motor vehicles (company cars)	Four years
Fixtures, fittings and office equipment	Three years
Leasehold improvements	Remaining term of lease

The estimated useful life of right-of-use assets is to the end of the lease contracts.

Seasonality

Each year there is a minor dip in the volumes of new contracts in February and August as these are the months prior to the bi-annual changes of registration plates in March and September. This does not distort the half yearly reporting cycle as each occurrence is one month prior to the balance sheet reporting date. Any major charitable donations are normally authorised in the second half of each reporting year as results for the full year become more certain.

Adoption of new or revised standards

The following amendments to standards have been adopted in these financial statements. Their adoption has not had any material impact on the amounts reported, nor has it altered accounting policies.

IAS 12 (Amendments)	International Tax Reform – Pillar Two Model rules
IFRS 16 (Amendments)	Lease liability in a Sale and Leaseback
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 7 (Amendments)	Statement of Cash Flows: Supplier Finance Arrangements

Future accounting developments

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but not yet effective and have not been early adopted by the Group.

IFRS 9 (Amendments)	Financial Instruments
IFRS 7 (Amendments)	Financial Instruments: Disclosures
IFRS 18	Presentation and Disclosure in Financial Statements
IAS 21 (Amendments)	Lack of exchangeability

Other standards, amendments and interpretations not described above are not significant in scope regarding the Group.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements are made when applying significant accounting policies; and the material impacts these judgements have on the reported numbers are disclosed below. Judgements and estimates also apply when preparing for going concern analysis and disclosures (see note 2).

The Company has no significant accounting estimates.

Key estimate: residual values of operating lease assets

The method by which the Directors have determined the Group's residual values of the operating lease assets is disclosed in note 9 and the impact of the change in estimates during the year is disclosed in note 6.

Sensitivity analysis

Because of the inherent uncertainty associated with such valuation methodology and in particular the volatility of the prices of second-hand vehicles, the carrying value of the operating lease assets may differ from their realisable value (see note 9).

As at 31 March 2025, if the value of the expected net sale proceeds for our existing portfolio of operating leases were to decrease/increase by 1% from our estimates (1% being a reasonable, scalable base unit for movements in the used-car market), the effect would be to increase/decrease the depreciation on these vehicles by £128.5m (30 September 2024: £118.7m; 31 March 2024: £108.6m).

Approximately 25% of this will crystallise at the end of the contracts (in particular in cases where the leases terminate early) but for the majority of the fleet a revaluation exercise is undertaken in order to prospectively adjust the depreciation expense over the remaining terms of the leases. This would be booked from the start of the current accounting year onwards. A 1% fall would increase this year's depreciation charge by approximately £56.9m (30 September 2024: £38.6m; 31 March 2024: £51.0m). A 1% rise would decrease this year's depreciation charge by approximately £56.8m (30 September 2024: £38.6m; 31 March 2024: £50.7m).

Key estimates and judgements: insurance contracts

A judgement has been made as to whether any of the contracts issued by the Group meet the definition of an insurance contract under IFRS 17. The Group concluded that there are no contracts within the consolidated Group that meet the definition of an insurance contract under IFRS 17 .

The Group provides car insurance as a part of its all-inclusive leasing package to customers. As the insurance cover provided under the Group's contracts with customers is non-optional and provided at the same time as the car lease is entered into, there is no pre-existing insurance risk prior to the car lease being entered into. On this basis, the insurance provided as part of the car lease does not fall within the scope of IFRS 17 but is instead valued as an obligation under IAS 37. As explained below, the valuation of the obligation is underpinned by traditional actuarial valuations of insurance claims.

The Group also has arrangements with Direct Line Group (DLG). The Group made a judgement that these arrangements are required to be treated on a combined basis for the Group as a consolidated undertaking under the IFRS framework. The combined effect of these arrangements, from the perspective of the consolidated Group, is the purchase of insurance, which is outside of the scope of IFRS 17.

3. Critical accounting judgements and key sources of estimation uncertainty continued

There are many factors that cause uncertainty when the Group is estimating its ultimate claims liability. Principally, the complex nature of the bodily injury claims (in particular) usually results in a lengthy legal process during which the estimated claims quantum can fluctuate, and judgements are made by actuaries in the selection of appropriate actuarial methods when estimating the claims liabilities. The methods and basis of selection are described in more detail in note 13.

Therefore, the key estimates and judgements relating to insurance contracts concern the valuation of claims liabilities.

Valuation of liabilities of insurance contracts

The insurance liabilities are the best estimate of the expenditure required to settle the present obligation. Claims incurred include all losses occurring during the year (reported or not), related handling costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. The provision for claims outstanding is made on an individual basis plus an estimate of the cost of claims incurred but not reported (IBNR) at the balance sheet date using statistical methods. The estimation of IBNR is generally subject to a greater degree of uncertainty than notified claims as some cases can take time to become notified and the total amount of the potential claim is not always apparent from the initial information supplied to the insurer. In calculating the estimated cost of unpaid claims, the Group, in conjunction with independent actuaries, uses a variety of estimation techniques, generally based upon statistical analysis of both market data and its own historic experience.

The Group has assessed the continuing impact of repair claim inflation and impacts from the switch of Scheme insurance arrangements from RSA to DLG, and concluded that the reserves held in the financial statements of the Group are adequate. See note 13 for details of claims reserves balances.

Sensitivity analysis

A 1% change in the insurance loss ratio would impact pre-tax profits by £3.5m in the period (March 2024: £2.0m). The precise outcome of such changes would depend on the impacted layer and frequency of claims in each scenario. Note 13 describes in more detail the sources of uncertainty in the estimation of future claims payments.

Given the high inflationary environment observed in more recent years and uncertainty over future inflation, alternative adverse inflation scenarios have been considered which provide an indication of the sensitivity of the Group's insurance claims reserves to this assumption.

The primary inflation risk is concentrated within large bodily injury claims. Reserving actuaries estimate that a 5% inflation increase over assumptions for this head of damage would result in adverse movements in the Quota Share Layer Reserves of approximately £12.6m.

MORL's low retention net of outward reinsurance limits the volatility in its net-of-reinsurance reserves resulting from any single loss, such that there is a reduced level of uncertainty within those reserves due to social inflation.

Alternative Performance Measures

The Group exercises judgement in assessing whether specific transactions or events are classified as adjusting items in determining the Alternative Performance Measures. This assessment covers the nature of the item, cause of occurrence, drivers behind significant volatility, and scale of impact of that item on the reported performance. In some situations, the umbrella programme to which costs or loss of revenue relate is also taken into account in this assessment. The materiality of items classified as adjusting in the six months to 31 March 2025, and in the 2024 and 2023 financial years, is significant.

A reconciliation of loss before tax to underlying figures is presented below. Notes referenced against each item include additional information:

	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Loss before tax		**(144.6)**	**(260.7)**
Adjusting items			
New Vehicle Payment incentives	4	**100.6**	**66.1**
EV investment		**41.9**	**22.6**
Charitable donations	5	**0.1**	**–**
Residual value adjustments			
(Gains)/Losses from disposal of fully terminated leases	16	(15.0)	26.4
Residual value adjustments	6	1.3	(106.5)
Impairment of assets/(reversal)	9	(59.6)	231.9
Total residual value adjustments		**(73.3)**	**151.9**
Underlying loss before tax		**(75.3)**	**(20.1)**

EV investment is an estimated value of revenue that would be generated from rentals receivable from operating lease assets, had margins associated with EV leases not been impacted by costs associated with a £300 EV investment initiative.

4. Revenue

An analysis of the Group's revenue is provided below.

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Proceeds from disposal of operating lease assets(1)	1,834.6	1,918.3
Rentals receivable from operating lease assets	1,045.3	857.1
Rentals receivable from operating lease in-life services	146.0	124.7
Rentals receivable from operating lease insurance	441.2	354.9
Insurance reimbursements from disposal of operating lease assets	42.9	39.7
Finance income	35.0	14.5
Other income	10.7	1.6
Total revenue	**3,555.7**	**3,310.8**

(I) During the six months ended 31 March 2025, the Group made a gain of £21.2m on the disposal of operating lease assets (six months ended 31 March 2024: £11.5m loss). See note 16.
(II) Rentals receivable from operating lease assets are presented net of £100.6m charged due to the New Vehicle Payment (NVP) programme of lease incentives (six months ended 31 March 2024: £66.1m)

Rentals receivable from operating lease insurance arrangements are applied to the Group's insurance cover arrangements, i.e. premiums payable to third-party insurers including reinsurers and claims payable to third parties by the Group's reinsurance captive.

5. Segmental analysis

The Group is organised into two main operating segments: Scheme Operations and Fleet Reinsurance.

Scheme Operations

The main responsibilities of the Scheme Operations segment are:

- buying and selling assets for use in operating leases;
- arranging the funds to purchase the assets;
- leasing the assets to customers along with the associated costs; and
- providing customers with a 'worry-free' service package.

The two main sources of income for this segment are proceeds from disposal of operating lease assets and rentals receivable from operating leases.

Fleet Reinsurance

The main responsibilities of the Fleet Reinsurance segment are:

- providing motor quota-share reinsurance to the Scheme-fronting insurer; and
- arranging reinsurance cover to limit the Group's exposure to the motor quota-share reinsurance.

The main source of income for the operating segment is inter-segment insurance premium income.

Segmental performance

Information on the segmental performance is reported to and reviewed by the Executive Committee on a monthly basis. Management monitors the operating results of its operating segments separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on profit after tax.

Inter-segment revenues comprise insurance premiums from Scheme Operations to Fleet Reinsurance and insurance reimbursements from Fleet Reinsurance to Scheme Operations, and are eliminated on consolidation.

The following tables present revenue and profit information, and certain asset and liability information regarding business operating segments for the six months ended 31 March 2025 and 31 March 2024.

Six months ended 31 March 2025	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
Rentals receivable for operating lease assets	1,045.3	–	–	**1,045.3**
Rentals receivable for operating lease in-life services	146.0	–	–	**146.0**
Rentals receivable for operating lease insurance	441.2	–	–	**441.2**
Proceeds from disposal of operating lease assets (including insurance reimbursements):				
Proceeds from external parties	1,877.5	–	–	**1,877.5**
Inter-segment proceeds	60.2	–	(60.2)	**–**
Insurance income	–	354.6	(354.6)	**–**
Other revenue	38.3	7.4	–	**45.7**
Total revenue	**3,608.5**	**361.9**	**(414.8)**	**3,555.7**
Net book value of disposed operating lease assets	(1,902.1)	–	–	**(1,902.1)**
Fleet operating costs	(733.9)	–	354.6	**(379.3)**
Insurance claims and commission costs	–	(375.7)	60.2	**(315.5)**
Depreciation on assets used in operating leases	(655.2)	–	–	**(655.2)**
Other operating costs	(198.0)	(0.7)	–	**(198.7)**
Charitable donations	(0.1)	–	–	**(0.1)**
Net operating costs	**(3,489.3)**	**(376.4)**	**414.8**	**(3,451.0)**
Profit/(Loss) from operations	**119.2**	**(14.5)**	**–**	**104.7**
Finance costs	(249.3)	–	–	**(249.3)**
Loss before tax	**(130.1)**	**(14.5)**	**–**	**(144.6)**
Taxation	40.1	3.6	–	**43.8**
Loss for the period	**(89.9)**	**(10.9)**	**–**	**(100.8)**

5. Segmental analysis continued

Six months ended 31 March 2024	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
Rentals receivable for operating lease assets	857.1	–	–	**857.1**
Rentals receivable for operating lease in-life services	124.7	–	–	**124.7**
Rentals receivable for operating lease insurance	354.9	–	–	**354.9**
Proceeds from disposal of operating lease assets (including insurance reimbursements):				
Proceeds from external parties	1,957.9	–	–	**1,957.9**
Inter-segment proceeds	55.7	–	(55.7)	**–**
Insurance income	–	202.8	(202.8)	**–**
Other revenue	10.8	5.4	–	**16.2**
Total revenue	**3,361.1**	**208.2**	**(258.5)**	**3,310.8**
Net book value of disposed operating lease assets	(2,002.5)	–	–	**(2,002.5)**
Fleet operating costs	(499.5)	–	202.8	**(296.7)**
Insurance claims and commission costs	–	(239.1)	55.7	**(183.4)**
Depreciation on assets used in operating leases	(746.7)	–	–	**(746.7)**
Other operating costs	(191.0)	(0.7)	–	**(191.7)**
Charitable donations	–	–	–	**–**
Net operating costs	**(3,439.7)**	**(239.8)**	**258.5**	**(3,421.0)**
Loss from operations	**(78.6)**	**(31.6)**	**–**	**(110.2)**
Finance costs	(150.5)	–	–	**(150.5)**
Loss before tax	**(229.1)**	**(31.6)**	**–**	**(260.7)**
Taxation	67.9	9.3	–	**77.2**
Loss for the period	**(161.2)**	**(22.3)**	**–**	**(183.5)**

The following tables show certain asset and liability information as at 31 March 2025, 30 September 2024 and 31 March 2024 regarding business operating segments.

31 March 2025	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
PPE & intangible assets	115.6	–	–	**115.6**
Assets held for use in operating leases (including inventories)	15,503.0	–	–	**15,503.0**
Derivative financial instruments	1.8	–	–	**1.8**
Insurance receivables	–	237.6	–	**237.6**
Reinsurers' share of insurance provisions	–	616.3	–	**616.3**
Trade and other receivables including corporation tax	1,018.3	2.8	(2.0)	**1,019.1**
Financial assets	1,678.7	531.0	(538.8)	**1,671.0**
Total assets	**18,317.4**	**1,387.7**	**(540.7)**	**19,164.4**
Deferred rental income and provisions for rebates	(1,147.9)		–	**(1,147.9)**
Insurance payables	–	(116.5)	–	**(116.5)**
Trade and other payables	(336.0)	(0.3)	2.0	**(334.3)**
Financial liabilities	(12,411.4)	–	218.6	**(12,192.8)**
Deferred taxation	(391.5)	–	–	**(391.5)**
Provision for insurance claims outstanding	–	(946.0)	–	**(946.0)**
Derivative financial instruments	(135.9)	–	–	**(135.9)**
Total liabilities	**(14,422.7)**	**(1,062.8)**	**220.6**	**(15,264.9)**
Net assets	**3,894.7**	**324.8**	**(320.0)**	**3,899.5**
Ordinary share capital	0.1	320.0	(320.0)	**0.1**
Hedging reserve	7.5	–	–	**7.5**
Restricted reserves	3,887.1	4.8	–	**3,891.9**
Total equity	**3,894.7**	**324.8**	**(320.0)**	**3,899.5**

5. Segmental analysis continued

30 September 2024	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
PPE & intangible assets	116.5	–	–	**116.5**
Assets held for use in operating leases (including inventories)	14,521.8	–	–	**14,521.8**
Derivative financial instruments	0.6	–	–	**0.6**
Insurance receivables	–	128.1	–	**128.1**
Reinsurers' share of insurance provisions	–	445.8	85.3	**531.1**
Trade and other receivables including corporation tax	1,017.5	–	–	**1,017.5**
Financial assets	1,341.1	309.7	(101.3)	**1,549.5**
Total assets	**16,997.5**	**883.6**	**(16.0)**	**17,865.1**
Deferred rental income and provisions for rebates	(1,007.3)	–	–	**(1,007.3)**
Insurance payables	–	(103.7)	–	**(103.7)**
Trade and other payables	(337.1)	(0.4)	–	**(337.5)**
Financial liabilities	(11,066.2)	–	–	**(11,066.2)**
Deferred taxation	(437.2)	–	–	**(437.2)**
Provision for insurance claims outstanding	–	(659.2)	(85.3)	**(744.5)**
Derivative financial instruments	(162.7)	–	–	**(162.7)**
Total liabilities	**(13,010.5)**	**(763.3)**	**(85.3)**	**(13,859.1)**
Net assets	**3,987.0**	**120.3**	**(101.3)**	**4,006.0**
Ordinary share capital	0.1	101.3	(101.3)	**0.1**
Hedging reserve	13.3	–	–	**13.3**
Restricted reserves	3,973.6	19.0	–	**3,992.6**
Total equity	**3,987.0**	**120.3**	**(101.3)**	**4,006.0**

31 March 2024	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
PPE & intangible assets	108.5	–	–	**108.5**
Assets held for use in operating leases (including inventories)	13,293.6	–	–	**13,293.6**
Derivative financial instruments	1.6	–	–	**1.6**
Insurance receivables	–	115.2	–	**115.2**
Reinsurers' share of insurance provisions	–	505.0	64.2	**569.2**
Trade and other receivables including corporation tax	860.6	–	–	**860.6**
Financial assets	540.6	337.3	(101.2)	**776.7**
Total assets	**14,804.9**	**957.5**	**(37.0)**	**15,725.4**
Deferred rental income and provisions for rebates	(815.1)	–	–	**(815.1)**
Insurance payables	–	(107.2)	–	**(107.2)**
Trade and other payables	(345.7)	–	–	**(345.7)**
Financial liabilities	(8,934.9)	–	–	**(8,934.9)**
Deferred taxation	(489.7)	–	–	**(489.7)**
Provision for insurance claims outstanding	–	(667.9)	(64.2)	**(732.1)**
Derivative financial instruments	(88.2)	–	–	**(88.2)**
Total liabilities	**(10,673.6)**	**(775.1)**	**(64.2)**	**(11,512.9)**
Net assets	**4,131.3**	**182.4**	**(101.2)**	**4,212.5**
Ordinary share capital	0.1	101.2	(101.2)	**0.1**
Hedging reserve	(13.0)	–	–	**(13.0)**
Restricted reserves	4,144.2	81.2	–	**4,225.4**
Total equity	**4,131.3**	**182.4**	**(101.2)**	**4,212.5**

6. Net operating costs

An analysis of the Group's net operating costs is provided below:

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Net book value of disposed operating lease assets	1,813.3	1,929.9
Net book value of operating lease assets derecognised as insurance write-offs	88.8	72.6
Fleet operating costs including insurance, maintenance and roadside assistance costs*	379.4	296.7
Insurance claims expense	315.5	183.4
Other product costs including continuous mobility costs, adaptations support and communications	78.0	80.2
Employee costs	59.1	53.4
Other operating costs	27.4	25.2
Legal and professional fees	15.4	20.9
Bad debt charges and movement in bad debt provisions	2.8	(2.5)
Management fees	0.4	0.4
Charitable donations	0.1	–
Net operating costs before depreciation	**2,780.2**	**2,660.2**
Depreciation on assets used in operating leases	714.8	510.5
Impairment charge/(release) for assets used in operating leases	(59.6)	231.9
Inventory write down	4.5	4.3
Depreciation and amortisation on property, plant and equipment and intangible assets	11.1	14.1
Net operating costs	**3,451.0**	**3,421.0**

* These costs are presented net of insurance premium rebates.

The depreciation charge on assets used in operating leases includes £59.6m of impairment reversals (six months ended 31 March 2024: £231.9m impairment charge) and a £20.6m charge (six months ended 31 March 2024: £51.3m release) relating to changes in estimates of future residual values (see note 9).

Taking into account the depreciation changes on contracts that expired in the six months ended 31 March 2025, the total value of depreciation relating to changes in estimates, also called Residual Value Adjustment as disclosed in note 3, was a £1.3m charge (six months ended 31 March 2024: £106.5m release).

7. Finance costs

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Interest and charges on bank loans and overdrafts	14.1	27.5
Interest on debt issued under the Euro Medium Term Note Programme	234.8	122.2
Interest on right-of-use leased assets	0.4	0.4
Preference dividends	–	0.4
Total finance costs	**249.3**	**150.5**

8. Taxation

The major components of the consolidated tax charge are:

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Current tax		
Charge for the period	–	–
Total	–	–
Deferred tax		
Origination and reversal of temporary differences	(43.9)	(77.2)
Total	**(43.9)**	(77.2)
Total tax credit on loss	**(43.9)**	(77.2)

Income tax expenses have been recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. Following the substantive enactment of legislation in Parliament on 24 May 2021, the standard rate of corporation tax in the UK changed from 19% to 25% with effect from 1 April 2023. Accordingly, profits are taxable at 25% for this year and the previous accounting year. Deferred tax has also been recognised at 25% for this year and the previous accounting year, that being the rate at which timing differences are expected to reverse in the future.

The Group's effective tax rate is a 30.3% credit (2024: 29.6% credit). This is different to the standard rate of tax, due primarily to non-taxable capital gains on disposals of motor vehicles for sales proceeds values exceeding the original cost of the vehicles purchased.

Tax paid

Under HMRC's quarterly instalment payments regime for corporation tax, two of the four instalments for this year are payable in the first half of the year. The Group has paid £33.2m of corporation tax relating to the current financial year (2024: £12.0m). The Group paid no tax relating to prior years during the six months to 31 March 2025 (2024: £nil).

Pillar Two

The Organisation for Economic Co-operation and Development ('OECD') released the Pillar Two Model Rules ('GloBE Rules') on 20 December 2021 and the UK enacted a multinational top-up tax ('UK IIR') and domestic top-up tax ('UK DTT') in Finance (No. 2) Act 2023. The rules apply top-up taxes to ensure corporations are paying income tax at a minimum rate of 15% in every jurisdiction they operate in. The UK IIR and UK DTT are in force for accounting periods beginning on or after 1 January 2024, and therefore apply to the Group for the year ended 30 September 2025.

The Isle of Man ('IOM') is the only jurisdiction besides the UK where the Group has a resident entity. The IOM has enacted a domestic top-up tax ('IOM DTT') that should first apply to the Group in the year ended 30 September 2026.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, provided in the amendments to IAS 12.

The Group has determined that it does not have any top-up taxes arising under the GloBE rules in either the UK or the IOM in the current year.

9. Assets held for use in operating leases

Cost	Motor vehicle assets £m
At 1 October 2023	12,648.4
Additions	4,083.4
Transfer to inventory	(2,324.2)
At 31 March 2024	**14,407.6**
At 1 October 2024	16,124.6
Additions	3,543.1
Transfer to inventory	(2,264.7)
At 31 March 2025	**17,403.0**

Accumulated depreciation	
At 1 October 2023	927.0
Charge for the period	742.4
Eliminated on transfer to inventory	(279.8)
At 31 March 2024	**1,389.6**
At 1 October 2024	1,829.3
Charge for the period	655.2
Eliminated on transfer to inventory	(335.2)
At 31 March 2025	**2,149.3**

Carrying amount	
At 1 October 2023	11,721.4
Additions	4,083.4
Depreciation	(742.4)
Transfer to inventory (note 10)	(2,044.4)
At 31 March 2024	**13,018.0**
At 1 October 2024	14,295.3
Additions	3,543.1
Depreciation	(655.2)
Transfer to inventory (note 10)	(1,929.4)
At 31 March 2025	**15,253.8**

Residual values

Residual values represent the estimated net sale proceeds expected from the sale of assets at the end of the leasing period. A review is undertaken at the balance sheet date using market data to identify net residual values which could differ from the sum anticipated at the inception of the lease.

The assets' resale market value and disposal costs structure are monitored and the process of realising asset values is managed in order to seek to maximise the net sale proceeds.

The following residual values are included in the calculation of the net book value of fixed assets held for use in operating leases:

Years in which unguaranteed residual values are recovered

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	2,775.9	2,590.7	2,879.6
Later than one year and no later than two years	4,570.9	3,587.6	3,049.5
Later than two years and no later than three years	5,341.6	5,558.0	4,807.5
Later than three years and no later than four years	65.7	52.3	49.2
Later than four years and no later than five years	98.5	80.8	70.9
Total exposure	**12,852.6**	**11,869.4**	**10,856.7**

The total unguaranteed residual value exposure presented above consists of the original priced residual values net of revisions in estimation (see the 'key sources of estimation uncertainty' in note 3). The amounts resulting from changes in estimates on the live fleet at the balance sheet date are detailed below, together with the timing of the effects on the income statement.

Timing of revisions to original priced residual values included in the unguaranteed residual values above

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Total adjustments to depreciation carried at 31 March/30 September*	345.5	618.2	911.5
Amounts to be charged in future years	(97.0)	(181.9)	(52.4)
Total increase in estimated residual value	**248.5**	**436.3**	**859.1**

* The total adjustment to depreciation carried at 31 March 2025 of £345.5m (30 September 2024: £618.2m) is reflected within the accumulated depreciation balance of £2,149.3m (30 September 2024: £1,829.2m) on assets held for use in operating leases.

Impairment charges included in the net book value of operating leases

At each balance sheet date, a review is undertaken for triggers of impairment of the carrying value of the assets. Impairment is defined as a position where the net book value is higher than the 'value in use'. Value in use represents the estimated future cash flows to be derived from continuing use of the asset, measured after applying an appropriate discount rate.

In terms of the leased fleet, this is done by an evaluation by tranches of leases based on their month of inception. Where the net book value at the balance sheet date is too high, an impairment charge is booked to bring the carrying amount into line with the value in use.

9. Assets held for use in operating leases continued

At 31 March 2025, following the re-estimation of the residual values, an impairment review was undertaken which resulted in the recognition of an Impairment provision of £289.3m (six months ended 31 March 2024: £231.9m; 30 September 2024: £348.8m), which is expected to unwind during the next three financial years.

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Impairment charges brought forward at 1 October	(348.8)	–	–
Impairment charges arising during the year	(6.8)	(348.8)	(231.9)
Impairment releases during the year	66.3	–	–
Impairment charges carried at 31 March	**(289.3)**	**(348.8)**	**(231.9)**

The impairment charges carried at 31 March 2025 of £289.3m (30 September 2024: £348.8m) are included within the accumulated depreciation balance of £2,149.3m (30 September 2024: £1,829.3m) on assets held for use in operating leases.

Years in which impairment charges are expected to unwind

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	157.8	150.8	91.9
Later than one year and no later than two years	120.9	141.7	91.9
Later than two years and no later than three years	10.6	56.3	48.1
Later than three years and no later than four years	–	–	–
Later than four years and no later than five years	–	–	–
Total	**289.3**	**348.8**	**231.9**

The Group as lessor

The future rentals receivable for operating lease assets under non-cancellable operating leases with customers, calculated with reference to the relevant Disability Allowances, for each of the following five periods after the balance sheet date are:

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	1,651.7	1,657.6	1,521.1
Later than one year and no later than two years	919.4	1,005.6	918.7
Later than two years and no later than three years	219.6	306.6	332.8
Later than three years and no later than four years	9.0	11.2	11.3
Later than four years and no later than five years	2.3	3.5	4.0
Total	**2,802.0**	**2,984.5**	**2,787.9**

10. Inventories

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Ex-operating lease assets held for sale	**249.3**	**226.5**	**275.6**

Inventories represent operating lease assets previously held for rental to customers which have ceased to be rented and become held for sale as of the balance sheet date. As of the balance sheet date, £0.1m has been provided against irrecoverable vehicles (30 September 2024: £nil; 31 March 2024: £nil).

The total value of inventories recognised as expense and included in net operating costs amounted to £1,902.1m (31 March 2024: £2,002.5m).

The movements of inventories in the six-month periods ended 31 March 2025 and 2024 are as follows:

	£m
At 1 October 2023	237.9
Transfer from operating lease assets (note 9)	2,044.4
Disposals (including insurance write-offs)	(2,002.5)
Inventory write down	(4.2)
At 31 March 2024	**275.6**
At 1 October 2024	226.5
Transfer from operating lease assets (note 9)	1,929.4
Disposals (including insurance write-offs)	(1,902.1)
Inventory write down	(4.5)
At 31 March 2025	**249.3**

11. Deferred rental income

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Current			
Customers' advance payments*	400.2	345.5	288.5
Vehicle in-life service income	11.8	(2.3)	(6.6)
Vehicle insurance income	(17.6)	(16.3)	(9.3)
Total current	**394.4**	**326.9**	**272.6**
Non-current			
Customers' advance payments*	427.8	387.7	339.1
Vehicle in-life service income	118.8	114.5	98.9
Vehicle insurance income	126.6	106.0	42.8
Total non-current	**673.2**	**608.2**	**480.8**
Total	**1,067.6**	**935.1**	**753.4**

* Customers may choose a leased vehicle where the price exceeds the mobility allowance. In such cases, they make an advance payment which is recognised on a straight-line basis over the life of the lease.

11. Deferred rental income continued

Deferred income balances

Significant changes in the deferred income balances under IFRS 15 during the period are as follows:

	In-life services income £m	Insurance income £m	Total £m
At 1 October 2023	81.8	23.9	105.7
Revenue recognised that was included in the deferred income balance at the beginning of the period	(22.1)	(4.0)	(26.1)
Increases due to cash received, excluding amounts recognised as revenue during the period	32.6	13.6	46.2
At 31 March 2024	**92.3**	**33.5**	**125.8**
At 1 October 2024	112.2	89.7	201.9
Revenue recognised that was included in the deferred income balance at the beginning of the period	(23.1)	(11.8)	(34.9)
Increases due to cash received, excluding amounts recognised as revenue during the period	41.4	31.2	72.6
At 31 March 2025	**130.5**	**109.1**	**239.6**

Transaction price allocated to the remaining performance obligations

The future rentals receivable for in-life service costs under non-cancellable operating leases with customers, calculated with reference to the relevant Disability Allowances, for each of the following periods after the balance sheet date are:

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	300.1	266.4	225.7
Later than one year and no later than two years	214.8	204.2	175.7
Later than two years and no later than three years	78.3	79.5	78.3
Later than three years and no later than four years	10.8	9.0	7.1
Later than four years and no later than five years	3.9	3.6	2.8
Total	**607.9**	**562.7**	**489.6**

The future rentals receivable for insurance cover under non-cancellable operating leases with customers, calculated with reference to the relevant Disability Allowances, for each of the following periods after the balance sheet date are:

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	853.8	727.9	607.8
Later than one year and no later than two years	617.7	553.9	469.7
Later than two years and no later than three years	222.8	208.5	200.7
Later than three years and no later than four years	10.7	9.0	7.5
Later than four years and no later than five years	4.0	3.3	2.9
Total	**1,709.0**	**1,502.6**	**1,288.6**

12. Provision for customer rebates

	Good condition payments £m	Return to dealer payments £m	Total £m
At 1 October 2023	56.1	0.6	56.7
Provisions accrued during the period	36.0	0.3	36.3
Utilised during the period	(30.9)	(0.4)	(31.3)
At 31 March 2024	**61.2**	**0.5**	**61.7**
At 1 October 2024	71.5	0.7	72.2
Provisions accrued/(released) during the period	34.1	0.1	34.1
Utilised during the period	(26.0)	–	(26.0)
At 31 March 2025	**79.6**	**0.8**	**80.3**

Analysis of provisions

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Included in non-current liabilities	49.1	40.5	31.3
Included in current liabilities	31.2	31.7	30.4
Total	**80.3**	**72.2**	**61.7**

Customer rental rebates occur under two conditions at the end of the contract:

- Good condition payments can be earned for keeping the vehicle in good condition during the lease
- Return to dealer payments are payable in some situations when a lease terminates early and the vehicle is returned to the dealership

13. Provision for insurance claims outstanding and insurance risk management

Insurance risk management

As part of its all-inclusive lease product, the Group covers the costs of liabilities associated with risks for which vehicle-users outside of the Group's customer base would standardly purchase motor insurance cover, including cover for personal accident, third-party liability and legal expenses. Notwithstanding that the Group has no arrangements meeting the definition of an insurance contract under IFRS 17 for the reasons explained in note 2, the Group is exposed to the risk that the event for which such cover is provided occurs and the risk associated with the uncertainty of the amount and timing of the resulting claim, which are together referred to in this report as 'insurance risk'.

The principal risks of this type to which the Group is exposed are underwriting risk and reserving risk. Underwriting risk is the risk of the Group making an inaccurate assessment of the cost of providing the liability cover afforded to customers under their lease contracts, and it results from the unpredictability of the risks covered by the Group. Reserving risk is the possibility that actual claims payments differ from the carrying amount of the insurance reserves. This could occur because the frequency or severity of claims is greater or less than estimated.

The Group manages this risk through a proactive approach, including:

- regular Board and insurance steering committee meetings, at which the claims information is analysed together with any material changes to the risk;
- the Board recognising that it is responsible for the assessment of the total cost of risk and setting of premiums which are commensurate with the exposure, revisable on a six-monthly basis based upon actuarially forecast information;
- the purchase of reinsurance to protect against losses exceeding individual or cumulative risk tolerances;

13. Provision for insurance claims outstanding and insurance risk management continued

- insurance managers' receipt of claims data on a monthly basis, the content of which is reviewed and any unexpected movements queried;
- significant individual losses being notified separately and the development of claims monitored;
- appointment of independent third-party claims handlers, selected on the basis of their ability to manage significant claims volumes whilst negotiating efficient and equitable claims settlements; and
- a system of review being in place whereby all claims in excess of £1m are reported separately to the Group.

The Directors of the Group are responsible for ensuring that the premiums charged under the insurance services are commensurate with the estimated value of claims, operational costs and any remaining exposure presented to the Group. For all risks, the quantum of individual claims is managed by a prescribed system of proactive claims handling by the appointed claims handler.

Motor insurance risks

The Group provides 80% motor quota-share reinsurance to DLG in respect of the fleet block insurance policy purchased from DLG. From the perspective of the consolidated Group, these arrangements, which are accounted for on a combined basis, result in a net purchase of insurance. Comprehensive cover is provided, including motor own damage, motor third-party damage and motor third-party liability. Due to the nature of this class of business, the frequency and severity of insured losses is difficult to predict. The Group mitigates its exposure through the purchase of appropriate reinsurance.

Sources of uncertainty in the estimation of future claim payments

Claims in respect of the motor quota-share reinsurance are payable on a loss-occurring basis. The Group is liable for all insured events that occur during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the timing of claims settlements. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

The estimation of the incurred but not reported (IBNR) reserve is determined by utilising an actuarial assessment and is based on historical claims experience. In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters, and legal advisers, and information on the cost of settling claims with similar characteristics in previous periods.

Reinsurance

The Group has limited its motor risk exposure by the purchase of reinsurance as follows:

- Quota-share reinsurance has been purchased to protect the Group against any individual losses exceeding the Group's net retention of £40,000 (2024: £40,000) each and every claim.
- Excess of loss reinsurance protects the Group and ceding insurer against individual losses exceeding £5m (2024: £5m) each and every claim.
- Stop loss reinsurance protects the Group against accumulation of losses on lower-value claims. Stop loss reinsurance provides limited protection if the aggregate of all individual claims up to £40,000 exceeds pre-specified thresholds on any one contract year.

Claims which have not been recovered from reinsurers at the balance sheet date are included in insurance receivables in the balance sheet and are deemed to be fully recoverable. The Group manages its reinsurance risk through:

- regular Board and insurance steering committee meetings, at which the reinsurance markets are considered;
- the Group's policy to only select those reinsurers that have a minimum credit rating of A- or better;
- significant individual losses being notified separately and the development of the claim being monitored; and
- independent third-party reinsurance brokers being appointed on the basis of their ability to negotiate, recommend and place reinsurance with appropriate markets.

Provision for insurance claims outstanding

These provisions comprise specific claims reserves including adjustments for insurance claims incurred but not reported.

Claims reserves including IBNR

Claims reserves are stated gross of losses recoverable from reinsurers. Claims reserves are based on assumptions regarding past claims experience and on assessments by an independent claims handler, and are intended to provide a best estimate of the most likely or expected outcome. The ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

Motor quota-share reinsurance	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Notified claims reserves	808.2	754.9	629.1
IBNR reserve	137.9	74.9	103.0
IBNR recoveries	(90.2)	(25.0)	(109.8)
Third-party recoveries reserve	(107.2)	(85.3)	(64.2)
Reinsurance recoveries reserve	(526.1)	(506.1)	(395.2)
Total net retained	**222.6**	**213.4**	**162.9**
Included in liabilities	946.0	744.5	732.1
Included in assets	(723.4)	(531.1)	(569.2)
Total net retained	**222.6**	**213.4**	**162.9**

The Board utilises the Group actuary to undertake an actuarial study of the motor quota-share reinsurance claims reserves. The Group actuary has used a combination of methods to determine the estimate. The methods adopted are summarised below:

Chain Ladder method

The Chain Ladder method uses the development profile of paid or incurred claims on historical accident years to project the more recent accident years to their ultimate position.

Expected Burning Cost method

This method takes an assumed initial expected burning cost and estimates the ultimate cost directly based on this initial expectation. The initial expected burning cost has been derived based on the historical ultimate cost (from the Chain Ladder method on either paid or incurred claims as deemed appropriate) adjusted for frequency and average severity inflation as appropriate.

Inflation Adjusted Approach

This allows for an explicit level of inflation, particularly where the claims data has not developed enough and hence is prone to more uncertainty. This method was used primarily for the 2023 accident periods.

Frequency and severity methods

Frequency and severity are projected separately using Chain Ladder methods and then combined to provide ultimates.

The Directors have considered the report of the Group actuary and the peer review of an independent actuary, and the pattern of development is believed to be sufficiently consistent period on period to provide an appropriate basis to establish additional reserves.

13. Provision for insurance claims outstanding and insurance risk management continued

Line items in the Group accounts

The following claims development tables flow through to note 5 (Segmental analysis) and note 6 (Net operating costs) as follows:

Insurance claims and commission costs	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Current year claims including IBNR	321.9	474.2	184.3
Prior year claims	(19.9)	36.9	5.2
Reinsurance commissions, MIB levies and administration fees	13.5	(19.4)	(6.1)
Insurance claims and commission costs	**315.5**	**491.7**	**183.4**

During the period, reinsurance commissions of £2.4m were booked (2024: £16.5m) comprising a guaranteed element of £4.8m (2024: £1.1m) and a variable element of £(2.4m) (2024: £15.4m).

Motor quota-share reinsurance

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each underwriting period has changed at successive period ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet. An underwriting-period basis is considered to be most appropriate for the business written by the Group.

Estimate of ultimate claims cost	Underwriting year ended 30 September 2020 £m	Underwriting year ended 30 September 2021 £m	Underwriting year ended 30 September 2022 £m	Underwriting year ended 30 September 2023 £m	Underwriting period ended 30 September 2024 £m	Underwriting period ended 31 March 2025 £m	Total £m
At end of reporting period	354.8	373.8	448.0	505.8	866.2	454.2	**3,002.8**
One year later	364.2	376.0	464.6	515.6	921.2		**2,641.6**
Two years later	353.6	364.8	460.2	518.6			**1,697.2**
Three years later	342.1	356.4	464.7				**1,163.2**
Four years later	334.1	355.7					**689.8**
Five years later	338.7						**338.7**
Current estimate of cumulative claims	338.7	355.7	464.7	518.6	921.2	454.2	**3,053.1**
Cumulative payments to date	(329.0)	(325.1)	(396.0)	(420.1)	(624.4)	(198.9)	**(2,293.5)**
Rebates	26.4	26.7	28.0	27.4	7.1	0.1	**115.7**
Claims reserves in balance sheet	36.1	57.3	96.7	125.9	303.9	255.4	**875.3**
Claims reserves in respect of prior periods							**70.7**
Total liability included in the balance sheet							**946.0**

The above table is gross of the effects of reinsurance but net of subrogated claims recoveries. Rebates are amounts received relating to volume, referral and wholesale discounts from trade partners, which have reduced the cost of claims to the Group.

Current underwriting year

Changes in the driver risk profile have continued, together with growth in new vehicles. This is in addition to the high levels of repair cost inflation seen in the last few years, which is starting to show some signs of mean reversion in line with the general economic inflation. However, the performance of the latest underwriting year is starting to align with the projected ultimate cost of claims, given premium updates to reflect the riskiness of the book accurately.

Prior underwriting years

Projected ultimate claims for all years prior to the 2024/25 underwriting year have increased due to a deterioration in the outlook of medium and large Bodily Injury claims for the run-off book. The more significant impacts of the updated Ogden rate have now been recognised. However, volatility remains for Bodily Injury due to the new Ogden rate, Judicial College Guidelines, new Whiplash tariff, and risk of care cost inflation. The Company is focused on building a strong working relationship with DLG through effective claims interaction and operations management, while effectively managing the run-off RSA book.

Estimate of ultimate claims cost net of reinsurance	Underwriting year ended 30 September 2020 £m	Underwriting year ended 30 September 2021 £m	Underwriting year ended 30 September 2022 £m	Underwriting year ended 30 September 2023 £m	Underwriting period ended 30 September 2024 £m	Underwriting period ended 31 March 2025 £m	Total £m
At end of reporting period	209.7	220.6	289.8	311.1	548.5	321.9	**1,901.6**
One year later	209.0	220.2	278.1	308.3	531.2	–	**1,546.8**
Two years later	206.6	215.8	284.1	304.0	–	–	**1,010.5**
Three years later	205.0	216.0	284.0	–	–	–	**705.0**
Four years later	206.1	217.1	–	–	–	–	**423.2**
Five years later	206.3	–	–	–	–	–	**206.3**
Current estimate of cumulative claims	206.3	217.1	284.0	304.0	531.2	321.9	**1,864.5**
Cumulative payments to date	(230.2)	(237.5)	(294.3)	(314.2)	(509.3)	(174.3)	**(1,759.8)**
Rebates	26.4	26.7	28.0	27.5	7.1	0.1	**115.8**
Claims reserves included in balance sheet net of recoveries	2.5	6.3	17.7	17.3	29.0	147.7	**220.5**
Claims reserves in respect of prior periods							**2.3**
Total net liability included in the balance sheet							**222.8**
Comprises:							
Specific claims reserves including IBNR							**946.0**
Third-party recoveries reserve							**(107.2)**
Reinsurance recoveries reserve							**(616.2)**
Total							**222.6**

MORL has continued to report underwriting losses in the period, which are the result of a combination of factors including repair cost inflation and change in driver risk profile. MORL has continued to adjust future premium pricing to address under-pricing during the year.

13. Provision for insurance claims outstanding and insurance risk management continued

Movements in insurance liabilities

	Period ended 31 March 2025			Year ended 30 September 2024		
	Gross £m	Recoveries £m	Net £m	Gross £m	Recoveries £m	Net £m
Claims						
Notified claims including IBNR	830.0	(531.2)	**298.8**	738.8	(451.6)	**287.2**
Notified claims recoveries	(85.3)	–	**(85.3)**	(72.5)	–	**(72.5)**
Total at beginning of period	**744.7**	**(531.2)**	**213.5**	**666.3**	**(451.6)**	**214.7**
Cash paid for claims settled						
In the period	(382.0)	28.7	**(353.3)**	(679.8)	53.8	**(626.0)**
Movement in liabilities						
Current period claims including IBNR	461.3	(79.1)	**382.2**	816.0	(191.7)	**624.3**
Prior period claims	14.8	(34.7)	**(19.9)**	(57.7)	58.3	**0.6**
Total at end of period	**838.8**	**(616.3)**	**222.5**	**744.8**	**(531.2)**	**213.6**
Notified claims including IBNR	946.0	(616.3)	**329.7**	830.0	(531.2)	**298.8**
Notified claims recoveries	(107.2)	–	**(107.2)**	(85.2)	–	**(85.2)**
Total at end of period	**838.8**	**(616.3)**	**222.5**	**744.8**	**(531.2)**	**213.6**

Notified claims recoveries and reinsurance on notified claims are included within insurance receivables.

14. Financial liabilities

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Current			
Accrued interest and coupon	119.1	93.9	54.7
Cash in the course of transmission	156.9	169.5	151.1
Bank loans	–	–	–
Debt issued under the Euro Medium Term Note Programme (less unamortised discount and transaction costs)	502.3	416.2	427.3
Right-of-use asset lease liabilities	3.6	3.2	1.6
Total current	**781.9**	**682.8**	**634.7**
Non-current			
Bank loans	399.0	399.0	398.9
Debt issued under the Euro Medium Term Note Programme (less unamortised discount and transaction costs)	10,985.5	9,946.1	7,861.3
Preference shares	–	10.0	10.0
Provision for restoration works*	6.3	6.3	5.6
Right-of-use asset lease liabilities	20.1	22.0	24.4
Total non-current	**11,410.9**	**10,383.4**	**8,300.2**
Total	**12,192.8**	**11,066.2**	**8,934.9**
The financial liabilities are repayable as follows:			
On demand and no later than one year	781.9	682.8	634.7
Later than one year and no later than two years	604.2	802.1	516.0
Later than two years and no later than five years	2,637.0	2,105.1	1,435.1
Later than five years	8,169.7	7,476.2	6,349.1
Total	**12,192.8**	**11,066.2**	**8,934.9**

All borrowings are denominated in (or swapped into) Sterling.

* The provision for restoration works relates to costs to restore properties with leasehold improvements to appropriate conditions as specified within the lease contracts at the end of the leases.

Bank borrowings

All bank borrowings as at 31 March 2025, 30 September 2024 and 31 March 2024 are at floating rates.

As at 31 March 2025, the Group has the following principal bank loans:

- a five-year term loan of £0.4bn taken out on 31 October 2022, extended for the second time by one year effective 31 October 2024; and
- a five-year revolving credit facility of £1.5bn taken out on 31 October 2022, extended for the second time by one year effective 31 October 2024 of which £nil was drawn on 31 March 2025 (30 September 2024: £nil). The facility repayment date is 31 October 2029.

All bank borrowings carry overnight SONIA interest rates plus bank margins at a market rate.

14. Financial liabilities continued

Debt issued under the Euro Medium Term Note Programme

Bonds issued under the Euro Medium Term Note Programme, net of unamortised discounts and issue costs, are analysed as follows:

	Issue Date	Expiry Date	Coupon rate %	Bond value Currency m	Hedged value £m	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Eurobond	14 March 2017	14 March 2025	–	–	–	–	416.2	427.3
Eurobond	03 July 2019	03 January 2026	0.375	€600.0	538.2	502.3	499.4	512.7
Sterling bond	16 July 2014	16 July 2026	3.750			299.6	299.5	299.3
Sterling bond	08 February 2012	08 February 2027	4.375			299.3	299.1	298.9
Eurobond	20 January 2021	20 July 2028	0.125	€500.0	445.0	418.3	415.9	427.0
Sterling bond	03 July 2019	03 July 2029	1.750			397.2	396.8	396.5
Eurobond	24 January 2024	24 July 2029	3.625	€700.0	600.6	585.3	581.8	597.4
Sterling bond	29 November 2010	29 November 2030	5.625			299.3	299.3	299.2
Eurobond	17 June 2024	17 January 2030	4.000	€1,000.0	845.5	836.1	831.2	–
Eurobond	17 January 2023	17 July 2031	3.500	€500.0	441.9	418.0	415.6	426.7
Sterling bond	14 March 2017	14 March 2032	2.375			347.1	346.9	346.7
Eurobond	22 January 2025	22 January 2033	3.625	€750.0	547.5	626.9	–	–
Eurobond	24 January 2024	24 July 2034	3.875	€1,000.0	858.0	836.0	831.2	853.4
Sterling bond	11 September 2023	11 September 2035	5.625			246.7	246.6	246.4
Eurobond	17 June 2024	17 June 2035	4.250	€1,000.0	845.5	835.9	831.1	–
Sterling bond	10 March 2016	10 March 2036	3.625			593.4	593.1	592.8
Eurobond	22 January 2025	22 January 2037	4.000	€650.0	547.5	543.3	–	–
Sterling bond	03 July 2019	03 July 2039	2.375			491.5	491.2	490.9
Sterling bond	20 January 2021	20 January 2041	1.500			344.9	344.7	344.6
Sterling bond	18 January 2022	18 January 2042	2.125			489.7	489.4	489.1
Sterling bond	17 January 2023	17 January 2043	4.875			347.4	347.4	347.3
Sterling bond	22 January 2025	22 January 2045	6.250			343.2	–	–
Sterling bond	11 September 2023	11 September 2048	5.750			397.5	397.4	397.4
Sterling bond	17 June 2024	17 June 2051	5.750			493.4	493.3	–
Sterling bond	24 January 2024	24 January 2054	5.625			495.3	495.2	495.0
						11,487.6	**10,362.3**	**8,288.6**

The repayment obligation in respect of Eurobonds is hedged by cross-currency swap contracts (note 15) for the purchase of Euro and sale of Sterling (as shown above where relevant) and is carried in the balance sheet net of the unamortised balance of the issuance costs.

The Company has a £15.0bn Euro Medium Term Note Programme with denominations of EUR 100,000. The bonds were admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The £15.0bn Euro Medium Term Note Programme of the Company is unconditionally and irrevocably guaranteed on a joint and several basis by Motability Operations Limited, a wholly-owned subsidiary. The payments of all amounts due in respect of notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Motability Operations Limited.

The weighted average interest rates on borrowings as at 31 March 2025, 30 September 2024 and 31 March 2024 were as follows:

	31 March 2025 %	30 September 2024 %	31 March 2024 %
Current debt issued under the Euro Medium Term Note Programme	1.8	–	2.1
Current bank loans and overdraft	–	–	–
Non-current bank loans and overdrafts	5.2	5.7	5.9
Non-current debt issued under the Euro Medium Term Note Programme	4.5	4.1	3.7
Non-current preference shares	–	7.0	7.0

At 31 March 2025, 30 September 2024 and 31 March 2024, the Group had the following undrawn committed borrowing facilities:

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Working capital facility	100.0	100.0	100.0
Revolving credit facility	1,500.0	1,500.0	1,500.0
Total	**1,600.0**	**1,600.0**	**1,600.0**

* Working capital facilities of the Group are cross-guaranteed between Group companies Motability Operations Limited and Motability Operations Group plc.

Undrawn committed facilities expire as follows:

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	–	–	–
Later than one year and no later than two years	100.0	100.0	100.0
Later than two years and no later than five years	1,500.0	1,500.0	1,500.0
Total	**1,600.0**	**1,600.0**	**1,600.0**

Other comprehensive income and the hedging reserve

Repayment obligations under Eurobonds and floating rate term loans are hedged to maturity against both currency and interest rate risk. Eurobonds are revalued at every balance sheet date using the closing exchange rate (i.e. the spot rate at the balance sheet date) in accordance with IFRS 9. Hedging derivatives are shown at fair value at the balance sheet date. The fair value is determined by discounting the future Sterling and Euro cash flows arising from the swaps to their present values and then translating the Euro-denominated elements into Sterling using the closing exchange rate.

Under the cash flow hedge accounting rules outlined in IFRS 9, to the extent the hedge remains effective, any resulting net valuation difference is shown (after tax) as a hedging reserve on the balance sheet, and any movements in the hedging reserve are recognised as other comprehensive income rather than through the income statement.

When exchange rates or expected interest rates change, this can lead to large fluctuations in these valuations. At 31 March 2025, the Eurobond debt liability was decreased by £144.1m (30 September 2024: was decreased by £179.8m). This movement of £35.6m is predominantly a result of Sterling rate changes against the Euro for the bonds in issue at both 31 March 2025 and 30 September 2024. The associated assets and liabilities relating to derivatives at 31 March 2025 were a net liability of £134.1m (30 September 2024: net liability of £162.0m). This movement of £27.9m is a result of a decrease in valuation. The net valuation difference at 31 March 2025 is therefore an asset of £10m which, after tax at 25%, leads to a hedging reserve balance of £7.5m. No further hedging reserve is held in respect of USD at 31 March 2025 (30 September 2024: £nil).

14. Financial liabilities continued

Preference shares

Cumulative preference shares of £9,950,000 were issued on 30 June 2008 at an issue price of £1 per share. The shares carry interest at 7%. The preference shares of the Group are classified as a financial liability in accordance with the contractual obligation to deliver cash (both dividends annually, and repayment of principal to the shareholders on winding-up) as stated in the Memorandum and Articles of Association of the Company. The Group repaid the preference shares in full on the 31 December 2024.

Right-of-use asset lease liabilities maturity analysis – contractual undiscounted cash flows

	31 March 2025 £m	31 March 2024 £m
No later than one year	4.3	2.4
Later than one year and no later than five years	11.7	13.8
Later than five years and no later than ten years	9.6	11.7
Later than ten years	1.2	1.9
Total undiscounted cash flows	**26.8**	**29.8**
Current	4.3	2.4
Non-current	22.5	27.4

The total cash outflow for leases during the period was £4.0m (2024: £2.3m).

Amounts recognised in the income statement

	Period to 31 March 2025 £m	Period to 31 March 2024 £m
Depreciation on the right-of-use assets	1.9	1.7
Interest expense	0.4	0.4
Total	**2.3**	**2.1**

15. Derivative financial instruments

	31 March 2025		30 September 2024		31 March 2024	
	Fair value £m	Notional amounts £m	Fair value £m	Notional amounts £m	Fair value £m	Notional amounts £m
Cash flow hedges						
Cross-currency swaps	(133.7)	5,753.9	(161.7)	5,008.5	(88.0)	3,317.5
Interest rate swaps	(0.5)	400.0	(0.4)	400.0	1.4	400.0
Total	**(134.2)**	**6,153.9**	**(162.1)**	**5,408.5**	**(86.6)**	**3,717.5**
Included in non-current liabilities	(102.9)	4,370.2	(146.2)	4,774.7	(82.6)	2,883.7
Included in current liabilities	(33.0)	738.2	(16.5)	433.8	(5.6)	633.8
Derivative financial instrument liabilities	**(135.9)**	**5,108.4**	**(162.7)**	**5,208.5**	**(88.2)**	**3,517.5**
Included in non-current assets	1.8	1,045.5	–	–	–	–
Included in current assets	–	–	0.6	200.0	1.6	200.0
Derivative financial instrument assets	**1.8**	**1,045.5**	**0.6**	**200.0**	**1.6**	**200.0**

Cross-currency swaps

The Company entered into cross-currency swap arrangements to hedge its currency rate risk on Eurobond debt as follows:

Issue date	Bond value Currency m	Coupon rate %	Hedged rate %
03 July 2019	€600.0	0.375	1.770
20 January 2021	€500.0	0.125	1.083
24 January 2024	€700.0	3.625	5.110
17 June 2024	€1,000.0	4.000	5.503
17 January 2023	€500.0	3.500	4.737
24 January 2024	€1,000.0	3.875	5.414
17 June 2024	€1,000.0	4.250	5.777
22 January 2025	€750.0	3.625	5.662
22 January 2025	€650.0	4.000	6.002

Interest rate swaps

At 31 March 2025, the fixed interest rate varied from 3.97% to 4.43% (2024: the fixed interest rate varied from 3.90% to 4.43%) and the main floating rates are SONIA. Gains and losses recognised in the fair value reserve in equity on interest rate swap contracts as of 31 March 2025 will be continuously released to the income statement in accordance with the maturity of the swap contracts. The following table details the contractual maturity of the Group's interest rate and cross-currency swap liabilities. The undiscounted cash flows are settled on a net basis. Further details of derivative financial instruments are provided in note 20.

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
No later than one year	(89.8)	(79.1)	(49.4)
Later than one year and no later than three years	(163.2)	(119.4)	(72.5)
Later than three years and no later than five years	(140.1)	(110.6)	(61.3)
Later than five years	(222.4)	(121.3)	(65.5)
Total	**(615.5)**	**(430.4)**	**(248.7)**

16. Cash used in operations

Reconciliation of loss to net cash flow from operating activities:

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Loss before tax	**(144.6)**	**(260.7)**
Adjustments for:		
Depreciation and amortisation charge on corporate assets	11.1	14.1
Depreciation charge on operating lease assets	714.7	510.6
Impairment (release)/charge for assets used in operating leases	(59.6)	231.9
Inventory write down	4.5	4.2
Impairment charge for financial assets at amortised cost	–	–
Finance costs	249.3	150.5
(Gains)/losses on disposal of operating lease assets	(21.2)	11.5
Losses on operating lease assets written off through insurance	45.8	32.9
Gains on disposal of corporate assets	(0.1)	(0.1)
Decrease in provision for restoration works	–	–
Increase in bad debt provisions	0.1	0.6
Operating cash flows before movements in working capital	**800.0**	**695.5**
Purchase of assets held for use in operating leases	(3,543.1)	(4,083.4)
Proceeds from sale of assets held for use in operating leases	1,834.6	1,918.3
Proceeds from insurance reimbursements of operating lease assets written off	42.9	39.7
Charitable donations paid	0.1	–
Increase in insurance receivables	(109.5)	(16.3)
Increase in other receivables	(28.9)	(317.1)
Increase in deferred rental income	132.5	134.7
Increase in provision for customer rebates	8.1	4.9
(Decrease)/increase in provision for net insurance claims	116.4	(51.8)
Increase in insurance payables	12.7	33.7
Increase/(decrease) in payables	(3.3)	131.3
Cash used in operations	**(737.5)**	**(1,510.5)**

Cash and cash equivalents

Cash and cash equivalents are presented in the consolidated statement of cash flows as the net of cash and bank balances. Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate to their fair value. Cash in the course of transmission is included within financial liabilities and represents committed transactions that have not cleared the bank at the reporting date and are not therefore shown in bank overdrafts.

17. Analysis of changes in net debt

	At 1 October 2024 £m	Cash flows £m	Foreign exchange £m	Fair value movements £m	Amortisation of premiums and discounts and provision charge £m	At 31 March 2025 £m
Cash and bank balances	1,319.6	184.6	–	–	–	**1,504.2**
Bank overdrafts and cash in the course of transmission	(169.5)	12.8	–	–	–	**(156.7)**
Cash and cash equivalents	**1,150.1**	**197.4**	**–**	**–**	**–**	**1,347.5**
Borrowings due within one year	–	–	–	–	–	**–**
Borrowing due after one year	(399.0)	(0.0)	–	–	–	**(399.0)**
Debt issued under the Euro Medium Term Note Programme	(10,362.3)	(1,086.6)	(35.7)	–	(3.1)	**(11,487.7)**
Derivative financial instruments	(162.1)	–	–	28.0	–	**(134.1)**
Preference shares	(10.0)	10.0	–	–	–	**–**
Provision for restoration works	(6.3)	–	–	–	–	**(6.3)**
Right-of-use asset lease liabilities	(25.2)	1.8	–	–	(0.4)	**(23.8)**
Financing activities	**(10,964.9)**	**(1,074.8)**	**(35.7)**	**28.0**	**(3.5)**	**(12,050.9)**
Total net debt	**(9,814.8)**	**(877.4)**	**(35.7)**	**28.0**	**(3.5)**	**(10,703.4)**

	At 1 October 2023 £m	Cash flows £m	Foreign exchange £m	Fair value movements £m	Amortisation of premiums and discounts and provision charge £m	At 31 March 2024 £m
Cash and bank balances	186.8	254.0	–	–	–	**440.8**
Bank overdrafts and cash in the course of transmission	(106.5)	(44.6)	–	–	–	**(151.1)**
Cash and cash equivalents	**80.3**	**209.4**	**–**	**–**	**–**	**289.7**
Borrowings due after one year	(150.0)	150.0	–	–	–	**–**
Borrowings due after one year	(399.0)	–	–	–	0.1	**(398.9)**
Debt issued under the Euro Medium Term Note Programme	(6,365.3)	(1,951.2)	30.5	–	(2.6)	**(8,288.6)**
Derivative financial instruments	(22.2)	–	–	(64.5)	–	**(86.7)**
Preference shares	(10.0)	–	–	–	–	**(10.0)**
Provision for restoration works	(5.6)	–	–	–	–	**(5.6)**
Right-of-use asset lease liabilities	(15.5)	2.3	–	(12.4)	(0.4)	**(26.0)**
Financing activities	**(6,967.6)**	**(1,798.9)**	**30.5**	**(76.9)**	**(2.9)**	**(8,815.8)**
Total net debt	**(6,887.3)**	**(1,589.5)**	**30.5**	**(76.9)**	**(2.9)**	**(8,526.1)**

17. Analysis of changes in net debt continued

	31 March 2025 £m	30 September 2024 £m	31 March 2024 £m
Cash and bank balances	1,504.2	1,319.6	440.8
Derivative financial instruments	(134.2)	(162.1)	(86.7)
Current financial liabilities	(781.9)	(682.8)	(634.7)
Non-current financial liabilities	(11,410.9)	(10,383.4)	(8,300.2)
Total	**(10,822.8)**	**(9,908.7)**	**(8,580.8)**
Less interest accruals included in financial liabilities	119.4	93.9	54.7
Total net debt	**(10,703.4)**	**(9,814.8)**	**(8,526.1)**

18. Retirement benefit schemes

The Motability Operations Limited pension plan is a non-contributory group personal pension (money purchase) scheme. The charge for the six months ended 31 March 2025 amounted to £6,413,692 (six months ended 31 March 2024: £5,637,111). Net contributions due at the balance sheet date were £nil (31 March 2024: £1,184,805).

19. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Group's corporate and finance structures are set out in the 2024 Annual Report on pages 3 to 54.

Related parties comprise Directors (and their close families and service companies), the Motability Foundation Charity and the shareholder banks. Transactions entered into with related parties are in the normal course of business. The relationship of the Company to Motability Foundation, the Charity, is set out on pages 12, 13 and 41 of the 2024 Annual Report.

Transactions

During the six months ended 31 March 2025, the Group paid £nil in donations to Motability (six months ended 31 March 2024: £nil).

The funding of the Group through bank loans is provided by the shareholder banks on commercial terms (see note 7 for details of financing costs of bank loans); £0.1m of bank charges were also paid in the period (six months ended 31 March 2024: £0.2m). Additionally, total fees of £0.4m (six months ended 31 March 2024: £0.8m) were paid to the shareholder banks in proportion to their shareholdings for management services.

During the period, the Group made preference share dividend payments of £0.7m to the shareholder banks (six months ended 31 March 2024: £0.7m). During the course of the current year, on 31 December 2024, the Group settled the cumulative preference shares of £9,950,000 of preference shares with the stakeholder banks.

At 31 March 2025, £1,437.8m of cash and cash equivalents were held with shareholder banks (30 September 2024: £1,285.8m; 31 March 2024: £137.5m). During the six months ended 31 March 2025, the Group received interest payments on these cash deposits totalling £8.7m (six months ended 31 March 2024: £5.9m).

The Group's bond issuances under the Euro Medium Note Term Programme (see note 14) are arranged by the shareholder banks. During the six months ended 31 March 2025, the Group has paid fees of £5.7m (six months ended 31 March 2024: £7.2m) in relation to bond issuances.

The Group enters into cross-currency and interest rate swap contracts (see note 15) with the shareholder banks to mitigate its exposure to interest rate risk and foreign exchange risk as part of its financial risk management policy. During the six months ended 31 March 2025, the Group had a net receipt of £1.05m (six months ended 31 March 2024: net receipt of £2.3m) in respect of interest rate swaps, and a net payment of £23.4m (six months ended 31 March 2024: made a net payment of £4.2m) in respect of cross-currency swaps.

20. Fair value of financial instruments

The fair value of financial instruments traded in active markets (debt issued under the Euro Medium Note Term Programme) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. The following methods and assumptions were used to estimate the fair values of the financial instruments for disclosure purposes:

- the carrying value of cash and cash equivalents approximates to fair value due to its short-term nature;
- the carrying values less impairment provisions of trade and other receivables and payables are also assumed to approximate to their fair values due to the short-term nature of the trade receivables and payables;
- the fair value of preference shares for disclosure purposes is estimated by discounting the cash flows using market data at the balance sheet date;
- the fair value of debt issued under the Euro Medium Term Note Programme for disclosure purposes is based on market data at the balance sheet date; and
- the fair value of swaps is determined by discounting future cash flows using current market data at the balance sheet date.

Categories of financial instruments

	31 March 2025 carrying value £m	31 March 2025 fair value £m	30 September 2024 carrying value £m	30 September 2024 fair value £m	31 March 2024 carrying value £m	31 March 2024 fair value £m
Cash and bank balances (I)	1,504.2	1,504.2	1,319.6	1,319.6	440.8	440.8
Trade receivables (II)	273.1	273.1	256.0	256.0	238.7	238.7
Financial assets at amortised cost (III)	167.3	164.8	230.4	227.3	250.3	244.7
Trade and other payables (II)	(334.3)	(334.3)	(337.5)	(337.5)	(343.1)	(343.1)
Bank overdrafts (IV)	–	–	–	–	–	–
Cash in the course of transmission and accrued interest and coupon (II)	(275.8)	(275.8)	(263.3)	(263.3)	(205.8)	(205.8)
Bank loans – current (IV)	–	–	–	–	–	–
Bank loans – non-current (IV)	(399.0)	(399.0)	(399.0)	(399.0)	(398.9)	(398.9)
Debt issued under the Euro Medium Term Note Programme* (III)	(11,487.7)	(10,600.3)	(10,362.3)	(9,902.2)	(8,288.6)	(7,728.2)
Redeemable preference share liabilities (III)	–	–	(10.0)	(12.0)	(10.0)	(11.9)
Provision for restoration works (II)	(6.3)	(6.3)	(6.3)	(6.3)	(5.6)	(5.6)
Net non-derivative financial instruments	**(10,558.5)**	**(9,673.6)**	**(9,572.4)**	**(9,117.4)**	**(8,322.2)**	**(7,769.3)**
Interest rate swap – cash flow hedge	(0.5)	(0.5)	(0.4)	(0.4)	1.4	1.4
Cross-currency swap – cash flow hedge	(133.7)	(133.7)	(161.6)	(161.6)	(88.0)	(88.0)
Total financial instruments requiring fair value disclosure	**(10,692.7)**	**(9,807.8)**	**(9,734.4)**	**(9,279.4)**	**(8,408.8)**	**(7,855.9)**
Right-of-use asset lease liabilities (V)	(23.7)	n/a	(25.2)	n/a	(26.0)	n/a
Total	**(10,716.4)**	**(9,807.8)**	**(9,759.6)**	**(9,279.4)**	**(8,434.8)**	**(7,855.9)**

* Amounts are shown net of unamortised discounts, fees and transaction costs.

(I) Interest bearing portion of the cash and cash equivalents consists of overnight deposits and money market funds.
(II) Non-interest bearing.
(III) Bearing interest at fixed rate.
(IV) Bearing interest at floating rate.
(V) Exempt from fair value disclosure under IFRS 7 paragraph 29(d).

20. Fair value of financial instruments continued

Fair value measurements

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (Level 3).

There are no Level 3 financial instruments in the Group.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period no transfers were made (30 September 2024: no transfers).

Cash and bank balances, trade and other receivables, trade and other payables, cash in the course of transmission and accrued interest and coupon, and bank loans are not included in the table below as their carrying amount is a reasonable approximation of fair value.

	31 March 2025		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	167.3	–	167.3
Financial liabilities	(10,600.3)	–	(10,600.3)
	(10,433.0)	**–**	**(10,433.0)**
Derivative financial instruments			
Interest rate swaps	–	(0.5)	(0.5)
Cross-currency swaps	–	(133.6)	(133.6)
	–	**(134.1)**	**(134.1)**
Total	**(10,433.0)**	**(134.1)**	**(10,567.1)**

	30 September 2024		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	230.4	–	230.4
Financial liabilities	(9,902.2)	(12.0)	(9,914.2)
	(9,671.8)	**(12.0)**	**(9,683.8)**
Derivative financial instruments			
Interest rate swaps	–	(0.4)	(0.4)
Cross-currency swaps	–	(161.6)	(161.6)
	–	**(162.0)**	**(162.0)**
Total	**(9,671.8)**	**(174.0)**	**(9,845.8)**

	31 March 2024		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	244.7	–	244.7
Financial liabilities	(7,728.2)	(11.9)	(7,740.1)
	(7,483.5)	**(11.9)**	**(7,495.4)**
Derivative financial instruments			
Interest rate swaps	–	1.4	1.4
Cross-currency swaps	–	(88.0)	(88.0)
	–	**(86.6)**	**(86.6)**
Total	**(7,483.5)**	**(98.5)**	**(7,582.0)**

Nature and characteristics of financial instruments in the fair value tables

The fair values of cash and bank balances, trade receivables and payables, bank loans and overdrafts, and cash in the course of transmission are considered to not be materially different from their book values. Market inputs to these values are considered, but because all of the assets mature within three months of the year end, the payables, overdrafts and cash in the course of transmission are also short term in nature, and the interest rates charged on the bank loans are reset to market rates on a monthly basis, minimal difference arises. The nature and characteristics of the Level 2 fair valued items, i.e. issued debt, preference shares and swaps, are as described in note 25 of the Annual Report. Financial assets held at amortised cost are investments held by MO Reinsurance Ltd. These have quoted prices and so are classified as Level 1.

Motability Operations group plc

Level 6
22 Bishopsgate
London
England
EC2N 4BQ

Registered in England & Wales
Company Number 06541091