

REGISTERED NUMBER: 02579167

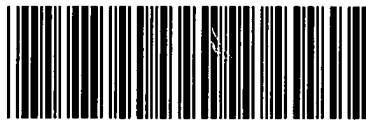
Report of the Directors and Financial Statements

for the Year Ended 31 March 2022

for

Kwik-Fit Properties Limited

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Kwik-Fit Properties Limited (Registered number: 02579167)

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for the Year Ended 31 March 2022

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Kwik-Fit Properties Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

M Slade
M Lynott

SECRETARY:

N B Pabani

REGISTERED OFFICE:

ETEL House
Avenue One
Letchworth Garden City
Hertfordshire
SG6 2HU

REGISTERED NUMBER:

02579167

STATUTORY AUDITORS:

Deloitte LLP
1 New Street Square
London
United Kingdom
EC4A 3HQ

Kwik-Fit Properties Limited (Registered number: 02579167)

Report of the Directors
for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended to 31 March 2022. In preparing this directors' report advantage has been taken of the small companies exemption.

GOING CONCERN

The Directors have adopted the Going Concern basis in preparing these financial statements. This is on the basis that the Directors have a reasonable expectation that the business will continue in operational existence for a period of at least 12 months from the date of the signing of these financial statements.

In coming to this conclusion, the Directors have considered the current trading conditions, the Group's performance against budget and prior years, and the committed funding made available to the Group by its ultimate parent, Itochu Corporation, via its subsidiary Itochu Treasury Centre Europe PLC.

The Directors have prepared a number of conservative scenarios, reflecting limited sales growth paired with sustained levels of cost inflation. Under each of these scenarios, there remains significant headroom within the Group's existing funding facilities as set out below.

As at 31 March 2022, the Group had access to loans totalling £428,572,250 expiring on 30 September 2024, in addition to a short term funding facility of £201m which expired on the 31st March 2023. This facility was renewed on the same day until 31st March 2024 for a total of £150m.

All of these facilities were provided by Itochu Corporation via its subsidiary Itochu Treasury Centre Europe PLC. Itochu Corporation has indicated it will provide adequate financial support to enable the intermediary holding company, European Tyre Enterprise Limited, to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of its financial statements.

Similarly, European Tyre Enterprise Limited has provided the Company with a letter of support indicating that it will provide adequate financial support to enable the Company to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the Company's financial statements.

The Directors therefore consider it appropriate for these financial statements to be prepared on a Going Concern basis.

PRINCIPAL ACTIVITY

The company was set up as the holding and managing of properties on behalf of other group companies.

FUTURE DEVELOPMENTS

The directors do not anticipate any changes to the company's activities in the foreseeable future.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

M Slade

M Lynott

ULTIMATE PARENT COMPANY

The company's immediate parent company is Kwik-Fit (GB) Limited, registered in the United Kingdom. The company's ultimate holding and controlling parent company is Itochu Corporation, which is incorporated in Japan, its registered office address is 5-1, 2 Chome, Kita Aoyama, Minato-ku, Tokyo, Japan.

The largest and smallest group into which the activities of the company are consolidated is that headed by Itochu Corporation.

QUALIFYING THIRD PARTY INDEMNITY

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. A fellow company also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of the company and its directors.

Kwik-Fit Properties Limited (Registered number: 02579167)

Report of the Directors
for the Year Ended 31 March 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware at the date of this report, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to section 485(3) of Companies Act 2006, following a competitive tendering process, the Directors appointed Deloitte LLP as the Company's auditors for the year end 31 March 2022. A resolution concerning their appointment was approved by the Directors on 4 January 2022. The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

APPROVED ON BEHALF OF THE BOARD:



.....
M Lynott - Director

Date: 07/06/2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWIK-FIT PROPERTIES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kwik-Fit Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWIK-FIT PROPERTIES LIMITED

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWIK-FIT PROPERTIES LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Makhan Chahal, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

Date: 07 June 2023

Deloitte LLP is a limited liability partnership registered in England and Wales
(with registered number OC303675).

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Comprehensive Income
for the Year Ended 31 March 2022

		2022	Restated 2021
	Notes	£'000	£'000
TURNOVER		-	-
Administrative expenses		<u>4,379</u>	<u>(1,794)</u>
		4,379	(1,794)
Other operating income		<u>571</u>	<u>667</u>
OPERATING PROFIT/(LOSS)		4,950	(1,127)
Interest receivable and similar income	3	569	695
Interest payable and similar expenses	4	<u>(3,354)</u>	<u>(4,211)</u>
PROFIT/(LOSS) BEFORE TAXATION	5	2,165	(4,643)
Tax on profit/(loss)	6	<u>795</u>	<u>293</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,960	(4,350)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		<u>2,960</u>	<u>(4,350)</u>

The notes on pages 10 to 23 form part of these financial statements

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Financial Position

31 March 2022

		2022	Restated 2021
	Notes	£'000	£'000
FIXED ASSETS			
Right-of-use Property	7	<u>60,568</u>	<u>70,014</u>
		<u>60,568</u>	<u>70,014</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	5,318	7,945
Debtors: amounts falling due after more than one year	8	<u>16,911</u>	<u>20,235</u>
		22,229	28,180
CREDITORS			
Amounts falling due within one year	9	<u>(13,389)</u>	<u>(14,000)</u>
NET CURRENT ASSETS		<u>8,840</u>	<u>14,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		69,408	84,194
CREDITORS			
Amounts falling due after more than one year	10	(84,116)	(101,143)
PROVISIONS FOR LIABILITIES	13	<u>(13,957)</u>	<u>(14,676)</u>
NET LIABILITIES		<u>(28,665)</u>	<u>(31,625)</u>
CAPITAL AND RESERVES			
Share capital	14	-	-
Retained earnings	15	<u>(28,665)</u>	<u>(31,625)</u>
SHAREHOLDERS' FUNDS		<u>(28,665)</u>	<u>(31,625)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 07/06/2023 and were signed on its behalf by:



.....
M Lynott - Director

The notes on pages 10 to 23 form part of these financial statements

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Changes in Equity
for the Year Ended 31 March 2022

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020 (restated)	-	(27,275)	(27,275)
Changes in equity			
Total comprehensive expense (restated)	<u>-</u>	<u>(4,350)</u>	<u>(4,350)</u>
Balance at 31 March 2021 (restated)	<u>-</u>	<u>(31,625)</u>	<u>(31,625)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>2,960</u>	<u>2,960</u>
Balance at 31 March 2022	<u><u>-</u></u>	<u><u>(28,665)</u></u>	<u><u>(28,665)</u></u>

The notes on pages 10 to 23 form part of these financial statements

1. ACCOUNTING POLICIES

General information

Kwik-Fit Properties Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The Address of the registered office is ETEL House, Avenue One, Letchworth Garden City, Hertfordshire, SG6 2HU. The principal activity is set out in the report of the directors.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- a statement of cash flows;
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead);
- additional comparative information for narrative disclosures and information, beyond IFRS requirements;
- disclosures in relation to the objectives, policies and process for managing capital;
- disclosure of the effect of standards in issue not yet effective;
- the remuneration of key management personnel;
- related party transactions with wholly owned members of the group;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, and 129 of IFRS 15 'Revenue from Contracts with Customers';
- financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures; and
- fair value measurements - details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Where relevant, equivalent disclosures can be found in the consolidated financial statements of Itochu Corporation as at 31 March 2022 and these financial statements may be obtained from their company's website which is www.Itochu.co.jp.

Going concern

The Directors have adopted the Going Concern basis in preparing these financial statements.

This is on the basis that the Directors have a reasonable expectation that the business will continue in operational existence for a period of at least 12 months from the date of the signing of these financial statements.

In coming to this conclusion, the Directors have considered the current trading conditions, the Group's performance against budget and prior years, and the committed funding made available to the Group by its ultimate parent, Itochu Corporation, via its subsidiary Itochu Treasury Centre Europe PLC.

The Directors have prepared a number of conservative scenarios, reflecting limited sales growth paired with sustained levels of cost inflation. Under each of these scenarios, there remains significant headroom within the Group's existing funding facilities as set out below.

As at 31 March 2022, the Group had access to loans totalling £428,572,250 expiring on 30 September 2024, in addition to a short term funding facility of £201m which is currently due to expire, unless both parties agree to extend, on 31 March 2023.

All of these facilities were provided by Itochu Corporation via its subsidiary Itochu Treasury Centre Europe PLC. Itochu Corporation has indicated it will provide adequate financial support to enable the intermediary holding company, European Tyre Enterprise Limited, to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of its financial statements.

1. **ACCOUNTING POLICIES** - continued

Similarly, European Tyre Enterprise Limited has provided the Company with a letter of support indicating that it will provide adequate financial support to enable the Company to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the Company's financial statements. The Directors therefore consider it appropriate for these financial statements to be prepared on a Going Concern basis.

Exemption from preparation of consolidated financial statements

This financial statement is prepared as an individual company and do not contain consolidated financial information as the parent of the group. The company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the accounts of Itochu Corporation.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based in historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made only the below judgements and no significant estimates.

Impairment of right-of-use assets (see note 7)

When determining whether there are indicators of impairment of the company's right-of-use assets, factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. When assessing economic viability, the underlying cash flows of the asset are considered, using historical performance as a guide, adjusted for anticipated variables.

Incremental Borrowing Rate (IBR) used to measure lease liabilities

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate (IBR). The IBR is intended to reflect the theoretical cost to borrow money to buy the Right of Use asset for the term of the lease. It is built up, lease by lease, using an appropriate Risk Free Rate (which depends on whether the asset is in the UK/elsewhere), adjusting for the creditworthiness of the lessee (the better the credit, the lower the increment) and the quality of the asset (lower quality assets result in a higher borrowing rate).

Dilapidation

Provision, discounted at the risk-free rate to net present value, is made for dilapidation costs for leasehold properties which are expected to crystallise in most cases at the end of the period of occupancy, based on regular individual assessments of the properties. The provisions for each property were based on detailed judgements specific to the size of the properties and historical information. During the year the directors performed an assessment on the company's dilapidation requirements and the charge to the accounts was £69,639 (2021: £3,099,037).

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial instruments

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

1. ACCOUNTING POLICIES - continued

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on taxable temporary differences, arising from differences between carrying amounts and the tax base, unless it arises from the initial recognition of goodwill or from assets and liabilities where differences will not impact on accounting profits or taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Leases

As a lessor

The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

The Company concluded the basis of a finance lease are:

- The lease transfers substantially all of the risks and rewards of the asset to the lessee by the end of the lease term ;
- or
- The lease term is for the major part of the economic life of the underlying asset, even if title is not transferred; or
- Risks and rewards incidental to ownership of the underlying assets are substantially transferred to the lessee.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right of control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

1. ACCOUNTING POLICIES – continued

the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a Lessee

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the contractual lease payments due to the lessor over the lease term, that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company calculates an incremental borrowing rate for the lease. The incremental borrowing rate for the lease is intended to reflect the theoretical cost to borrow money to buy the Right of Use asset for the term of the lease. It is built up, lease by lease, using an appropriate Risk Free Rate adjusting for the creditworthiness of the lessee (the better the credit, the lower the increment) and the quality of the asset (lower quality assets result in a higher borrowing rate).

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term and other variable lease payments are expensed in the period to which they relate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

1. ACCOUNTING POLICIES – continued

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

When the lease liability is re-measured to reflect a change in the estimate of the lease term, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. When the carrying value is re-measured to reflect any of the instances in the paragraph above, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Break clauses

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Company.

2. EMPLOYEES AND DIRECTORS

During the current and previous year, the company had no employees.

The remuneration of the directors is paid by European Tyre Enterprise Limited, a group company, which makes no recharge to the company. The directors of Kwik-Fit Properties Limited are also the directors of the parent company and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the directors. The total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the parent company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

3. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	Restated 2021
	£'000	£'000
Other interest receivable	<u>569</u>	<u>695</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

4. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	Restated 2021
	£'000	£'000
Interest on lease liabilities	3,268	3,778
Unwinding of discount	<u>86</u>	<u>433</u>
	<u>3,354</u>	<u>4,211</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

5. **PROFIT/(LOSS) BEFORE TAXATION**

The loss before taxation is stated after charging/(crediting):

	2022	Restated 2021
	£'000	£'000
Depreciation - leased assets	9,932	11,118
Income from sub-leasing right-of-use assets	(571)	(667)
Right of use asset impairment	523	3,719
Management charge	85	83
Service fee income from rentals	(13,638)	(14,312)
Right of use disposal	(2,693)	(1,475)
Dilapidation	69	3,099
Other adjustments on lease liabilities (note 19)	(707)	(437)
Provision against finance lease receivable	<u>739</u>	<u>-</u>

During the current and prior year, the auditors' remuneration for the Company was paid by a fellow group undertaking amounting to £10,000 (2021: £10,000).

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

6. TAXATION

Analysis of tax income

	2022 £'000	2021 £'000
Current tax:		
Corporation taxation payable	108	(859)
Deferred tax:		
Origination and reversal of timing differences	744	566
Effect of tax rate change on opening balance	(1,647)	-
	(903)	566
Total tax income in statement of comprehensive income	<u>(795)</u>	<u>(293)</u>

Factors affecting the tax income

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit/(loss) before income tax	<u>2,165</u>	<u>(4,643)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	411	(882)
Effects of:		
Expenses not deductible for tax purposes	262	589
Remeasurement of deferred tax for change in tax rate	(1,468)	-
	<u>(795)</u>	<u>(293)</u>
Tax income	<u>(795)</u>	<u>(293)</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

Factors that may affect future tax charges

The Finance Bill 2021, which was granted Royal Assent on 10 June 2021, provided that the main rate of corporation tax for the financial years 2022 and 2023 was to be 19% and 25% respectively. The Finance Act 2022 did not make any further amendments to these rates. Deferred tax assets and liabilities in the balance sheet, where applicable, have been provided for at the rate of 25%.

Deferred tax

As at 31 March 2022 a deferred tax asset of £6,117,830 was recognised (2021 restated: £5,215,302).

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

7. **RIGHT OF USE PROPERTY**

As a Lessee

The Company leases land and buildings. An extract from the table below for which the Company is a lessee is presented below:

Lease payment changes represent modifications to existing leases under IFRS16.

Right-of-use Assets:

	Property £'000
COST	
Balance as 1st April 2021	96,016
Addition	180
Lease payment change	1,492
Disposal	(1,080)
At 31 March 2022	96,608
DEPRECIATION	
At 1st April 2021	26,002
Depreciation	9,932
Impairment	523
Disposal	(417)
At 31 March 2022	36,040
NET BOOK VALUE	
At 31 March 2021	70,014
At 31 March 2022	60,568

During the year the company performed a reviewed of their leasehold property and land and in several cases, comparing the value of property to market prices, gave an indication of impairment.

The impairment loss recognised on tangible fixed assets in the period was £523k (2021 - £3.7m) and is included in administrative expenses in the Statement of Comprehensive Income. It arose where tangible fixed assets have been written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

8. **DEBTORS**

	2022 £'000	Restated 2021 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	3,886	6,288
Amounts receivable in respect of finance leases	1,432	1,657
	<u>5,318</u>	<u>7,945</u>
Amounts falling due after more than one year:		
Amounts receivable in respect of finance leases	10,793	15,020
Deferred tax	6,118	5,215
	<u>16,911</u>	<u>20,235</u>
Aggregate amounts	<u>22,229</u>	<u>28,180</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

8. **DEBTORS - continued**

Deferred tax

	2022	2021
Accelerated capital allowances	-	-
Other timing differences	<u>6,118</u>	<u>5,215</u>
Closing balance	<u>6,118</u>	<u>5,215</u>

Deferred tax reconciliation

	2022	Restated 2021
	£'000	£'000
Opening balance	5,215	5,781
Current year charge to the Statement of Comprehensive Income (note 6)	<u>903</u>	<u>(566)</u>
Closing balance	<u>6,118</u>	<u>5,215</u>

Amounts owed by group undertakings are considered to be a low credit risk. Credit risk for these assets has not increased significantly since their initial recognition.

The company considers the provision against these intercompany receivables to be immaterial.

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	Restated 2021
	£'000	£'000
Leases (see note 11)	13,046	13,860
Amounts owed to group undertakings	<u>161</u>	<u>107</u>
Corporation tax	<u>182</u>	<u>33</u>
	<u>13,389</u>	<u>14,000</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

The company holds unlimited guarantees given by:

- Central Tyre (Commercial) Limited;
- Kwik-fit Finance Limited;
- Kwik-fit Group Limited;
- Speedy 1 Limited;
- Stapleton's (Tyre Services) Limited;
- Detailagent Limited;
- Kwik-fit Euro Limited;
- Kwik-fit (GB) Limited;
- Kwik-fit Holdings Limited;
- Kwik-fit Nederland BV;
- Kwik-fit Netherlands Cooperatief WA; and
- TPAS (UK) Limited.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	Restated 2021
	£'000	£'000
Leases (see note 11)	<u>84,116</u>	<u>101,143</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

11. FINANCIAL LIABILITIES - BORROWINGS

	2022	Restated 2021
	£'000	£'000
Current:		
Leases (note 12)	<u>13,046</u>	<u>13,860</u>
Non-current:		
Leases (note 12)	<u>84,116</u>	<u>101,143</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

12. LEASES

	2022	Restated 2021
	£'000	£'000
1 year or less	13,046	13,860
1-2 years	12,760	13,775
2-5 years	36,553	39,187
More than 5 years	<u>34,803</u>	<u>48,181</u>
Total	<u>97,162</u>	<u>115,003</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

	Leasehold £'000
Lease Liability	
Balance as 1st April 2021	115,003
Additions	386
Lease payment change	1,218
Disposal	(5,640)
Interest Charge	3,268
Lease Payment	<u>(17,073)</u>
Balance as 31st March 2022	<u>97,162</u>

Lease payment changes represent modifications to existing leases under IFRS16.

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

The total cash outflow for leases during prior year was £17,945,490, with interest charge on lease liabilities being £3,778,290 paid by fellow group undertaking.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

13. PROVISIONS FOR LIABILITIES

	Dilapidations £'000
31 March 2021 (restated)	14,676
Unwinding of discount	86
Increase in provision	69
Transfer to group companies	(874)
	<hr/>
31 March 2022	13,957
	<hr/>

The comparatives have been restated due to a prior period adjustment as explained in Note 19.

The dilapidation provision represents the assessment of contractual repair liabilities relating to certain leasehold properties. The exact timing of the utilisation of this provision will vary according to the individual properties concerned.

14. SHARE CAPITAL

Authorised, issued and fully paid:

Number	Class	Nominal value	2022 £	2021 £
1 (2021: 1)	Ordinary A	£1	<u>1</u>	<u>1</u>

The ordinary shares rank pari passu as regards distributions of profits and voting rights.

15. RESERVES

The company reserves relate solely to retained earnings. The retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

16. RELATED PARTY DISCLOSURES

All related party transactions and balances relate to companies wholly owned within the group.

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

17. **GUARANTEES AND OTHER FINANCIAL COMMITMENTS – continued**

Extension options

Some leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

Lease liabilities

	2022
Maturity analysis - contractual undiscounted cash flows	£'000
Less than one year	16,602
One to five years	59,685
More than five years	42,350
Total undiscounted lease liabilities as at 31st March 2022	118,637

Lease liabilities included in statement of financial position at 31st March 2022:

Current	13,046
Non-current	84,116
	<hr/> 97,162

The Company sub-leases some of its properties under operating and finance leases below.

Surplus leases

Some of the properties that the Company leases have been vacant during the period. The Company expects to be able to sub-let these properties or surrender the leases within 3 years.

Lease income from lease contracts in which the Company acts as a lessor is £571,000 (2021: £667,000).

i) Operating lease

The Company leases out property. The Company has classified leases as operating leases where they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The note below sets out information about the operating leases.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2022
	£'000
Less than one year	505
One to two years	470
Two to three years	436
Three to four years	416
Four to five years	369
More than five years	572
Total undiscounted lease payments	2,768

17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS – continued

ii) Finance lease

The Company also sub-leases properties. The Company has classified the sub-leases as finance leases, because the sub-leases are for the more than 75% of the lease term of the head term.

The following table sets out a maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2022
	£'000
Less than one year	1,946
One to two years	1,928
Two to three years	1,927
Three to four years	1,911
Four to five years	1,869
More than five years	5,868
Total undiscounted lease payments	15,449

18. ULTIMATE PARENT COMPANY

The company's immediate parent company is Kwik-Fit (GB) Limited, registered in the United Kingdom.

The company's ultimate holding and controlling parent company is Itochu Corporation, which is incorporated in Japan, its registered office address is 5-1, 2 Chome, Kita Aoyama, Minato-ku, Tokyo, Japan.

The largest and smallest group into which the activities of the company are consolidated is that headed by Itochu Corporation.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

19. PRIOR PERIOD ADJUSTMENT

Note(s)	As at April 2020			As at March 2021		
	Previously reported £	Adjustment	As restated £	Previously reported £	Adjustment £	As restated £
Non-current assets	4,811	83,779	88,590	1,365	68,649	70,014
Right-of-use: Tangible assets	4,811	83,779	88,590	1,365	68,649	70,014
Current assets	143,175	(114,999)	28,176	151,296	(123,117)	28,179
<i>Debtors: amounts falling due within one year</i>	<i>18,130</i>	<i>(10,221)</i>	<i>7,909</i>	<i>36,515</i>	<i>(28,570)</i>	<i>7,945</i>
Cash in Bank	-	-	-	-	-	-
Amounts owed by group undertakings	16,243	(10,221)	6,022	34,844	(28,556)	6,288
Amounts receivable in respect of finance leases	1,887	-	1,887	1,671	(14)	1,657
<i>Debtors: amounts falling due after more than one year</i>	<i>125,045</i>	<i>(104,778)</i>	<i>20,267</i>	<i>114,781</i>	<i>(94,547)</i>	<i>20,234</i>
Amounts receivable in respect of finance leases	122,941	(108,455)	14,486	112,988	(97,969)	15,019
Deferred tax asset	2,104	3,677	5,781	1,793	3,422	5,215
Creditors	158,456	(24,926)	133,530	165,733	(50,590)	115,143
<i>Amounts falling due within one year</i>	<i>38,577</i>	<i>(20,585)</i>	<i>17,992</i>	<i>55,656</i>	<i>(41,656)</i>	<i>14,000</i>
Leases	21,494	(3,593)	17,901	18,810	(4,950)	13,860
Amounts due to group undertakings	17,083	(17,025)	58	36,846	(36,739)	107
Corporation tax	-	33	33	-	-	-
<i>Amounts falling due after more than one year</i>	<i>119,879</i>	<i>(4,341)</i>	<i>115,538</i>	<i>110,077</i>	<i>(8,934)</i>	<i>101,143</i>
Leases	119,879	(4,341)	115,538	110,077	(8,934)	101,143
Provisions	-	10,512	10,512	-	14,676	14,676
Dilapidations	-	10,512	10,512	-	14,676	14,676
Retained earnings	10,470	16,806	27,276	13,072	18,554	31,626
	306,442	(45,634)	260,808	318,394	(90,382)	228,012
Changes to the Income statement						
Turnover	-	-	-	-	-	-
Cost of Sales	-	-	-	-	-	-
Administrative expenses	(3,366)	1,572	(1,794)	(3,366)	1,572	(1,794)
Other operating income	667	-	667	667	-	667
Income from shares in group undertakings	-	-	-	-	-	-
Interest receivable and similar income	3,500	(2,805)	695	3,500	(2,805)	695
Interest payable and similar expenses	(4,014)	(197)	(4,211)	(4,014)	(197)	(4,211)
Tax on profit	611	(318)	293	611	(318)	293
Profit for the financial period	(2,602)	(1,748)	(4,350)	(2,602)	(1,748)	(4,350)

IFRS 16 / Dilapidations

It was identified during the year that certain property leases were being reflected in the incorrect group legal entity as a result of lease novations over recent years. The restatement above transfers the lease carrying amounts to the correct group entity as at the modification dates. The corresponding dilapidation provisions have also been transferred to the appropriate legal entity on the same date.

In addition to this, several informal lease arrangements in the group were previously recognised under IFRS 16 with corresponding right of use assets and lease liabilities recognised despite their informal nature. A restatement has also been recognised to account for such leases from the Statement of Financial Position as at their inception dates and a service fee rental expense charged to the group legal entity using the right of use asset.

The Company has adjusted its dilapidation provision in respect of several locations for which a provision was not previously made.