REGISTERED NUMBER: 02579167

Report of the Directors and

Audited Financial Statements for the Year Ended 31 March 2021

for

Kwik-Fit Properties Limited

Contents of the Financial Statements
for the Year Ended 31 March 2021

Kwik-Fit Properties Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS:	M Slade M Lynott
SECRETARY:	N B Pabani
REGISTERED OFFICE:	ETEL House Avenue One Letchworth Garden City Hertfordshire SG6 2HU
REGISTERED NUMBER:	02579167
AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended to 31 March 2021. In preparing this directors' report advantage has been taken of the small companies exemption.

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

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 at least a period 12 months from the date of the signing of these financial statements. This conclusion has been reached after considering the performance of the group of which the Company is a part during the COVID-19 outbreak, its recovery after each of the lockdowns, and its modelled trading under a number of scenarios for the 18 months from the date of signing of these financial statements, together with a loan made available to European Tyre Enterprise Limited and its subsidiaries ("the Group") by the ultimate parent, Itochu Corporation. In carrying out this exercise, the Directors have considered the potential impact of inflationary pressures on the Group's cost base, such as fuel price rises, increases in National Minimum Wage and Employers' National Insurance Contributions.

Details of the facilities available to the Group are set out in the financial statements of European Tyre Enterprise Limited.

The Company has received a letter of support from its intermediate parent company, European Tyre Enterprise Limited, indicating that it will provide adequate financial support to the Company to enable it to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the financial statements.

Accordingly, the Directors therefore consider it appropriate for the accounts to be prepared on a going concern basis.

COVID-19 UPDATE
Following the emergence in the UK of the COVID-19 pandemic in early 2020, the performance of the Company has not been affected.

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 2020 to the date of this report.

M Slade
M Lynott

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.

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 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
The auditors BDO LLP were appointed by the Directors as auditors for the year end 31 March 2021. Following a competitive tendering process, the Directors wish to appoint Deloitte LLP as the Company's auditors. A resolution concerning their appointment will be proposed at the next Annual General Meeting.

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: 31/1/22

Report of the Independent Auditor to the Members of
Kwik-Fit Properties Limited

Opinion
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kwik-Fit Properties Limited (the 'company') for the year ended 31 March 2021 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors are responsible for the other information. The other information comprises the information included in the Report of the Directors other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Report of the Directors and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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

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

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

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

- Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including in relation to management override of controls and impairment of right-of-use assets. These procedures included testing manual journals and key areas of estimation uncertainty or judgement.

- We understood how the Company is complying with the respective legal and regulatory frameworks. We have done this by making enquiries with the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal advisor confirmation letter responses.

- We gained an understanding of the legal and regulatory framework in which the Company operates along with the industry through the enquires with management and review of relevant documentation and considered the risk of fraud and non-compliance with applicable laws and regulations. These included the Companies Act 2006, and tax legislation.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Kwik-Fit Properties Limited

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Samantha Russell
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Samantha Russell (Senior Statutory Auditor)
for and on behalf of BDO LLP
55 Baker Street
London
W1U 7EU

Date: 01 February 2022

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

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Comprehensive Income
for the Year Ended 31 March 2021

	Notes	2021 £'000	2020 £'000
REVENUE		-	-
Administrative expenses		(3,366)	143
		(3,366)	143
Other operating income		667	601
OPERATING (LOSS)/PROFIT		(2,699)	744
Interest receivable and similar income	3	3,500	3,344
		801	4,088
Interest payable and similar expenses	4	(4,014)	(4,312)
LOSS BEFORE TAXATION	5	(3,213)	(224)
Tax on loss	6	611	297
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,602)	73
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(2,602)	73

The notes on pages 11 to 24 form part of these financial statements

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Financial Position
31 March 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Right-of-use			
Property, plant and equipment	7	**1,365**	4,811
		1,365	4,811
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	**36,515**	18,130
Debtors: amounts falling due after more than one year	8	**114,781**	125,045
		151,296	143,175
CREDITORS			
Amounts falling due within one year	9	**(55,656)**	(38,577)
NET CURRENT ASSETS		**95,640**	104,598
TOTAL ASSETS LESS CURRENT LIABILITIES		**97,005**	109,409
CREDITORS			
Amounts falling due after more than one year	10	**(110,077)**	(119,879)
NET LIABILITIES		**(13,072)**	(10,470)
CAPITAL AND RESERVES			
Called up share capital	13	**-**	-
Retained earnings	14	**(13,072)**	(10,470)
SHAREHOLDERS' FUNDS		**(13,072)**	(10,470)

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 ....31/1/22.................... and were signed on its behalf by:

....
M Lynott - Director

The notes on pages 11 to 24 form part of these financial statements

Kwik-Fit Properties Limited (Registered number: 02579167)

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	-	13	13
Changes in equity			
IFRS16 transition adjustment	-	(10,556)	(10,556)
Total comprehensive income	-	73	73
Balance at 31 March 2020	-	(10,470)	(10,470)
Changes in equity			
Total comprehensive loss	-	(2,602)	(2,602)
Balance at 31 March 2021	-	(13,072)	(13,072)

The notes on pages 11 to 24 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 director's report.

Basis of preparation
The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

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 at least a period 12 months from the date of the signing of these financial statements. This conclusion has been reached after considering the performance of the group of which the Company is a part during the COVID-19 outbreak, its recovery after each of the lockdowns, and its modelled trading under a number of scenarios for the 18 months from the date of signing of these financial statements, together with a loan made available to European Tyre Enterprise Limited and its subsidiaries ("the Group") by the ultimate parent, Itochu Corporation. In carrying out this exercise, the Directors have considered the potential impact of inflationary pressures on the Group's cost base, such as fuel price rises, increases in National Minimum Wage and Employers' National Insurance Contributions.

Details of the facilities available to the Group are set out in the financial statements of European Tyre Enterprise Limited.

The Company has received a letter of support from its intermediate parent company, European Tyre Enterprise Limited, indicating that it will provide adequate financial support to the Company to enable it to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the financial statements.

Accordingly, the Directors therefore consider it appropriate for the accounts to be prepared on a going concern basis.

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 future accounting standards not yet adopted;
- the remuneration of key management personnel;
- related party transactions with wholly owned members of the group;
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations;
- 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 2021 and these financial statements may be obtained from their company's website which is www.Itochu.co.jp.

continued...

1. **ACCOUNTING POLICIES** - continued

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.

Operating (loss)/profit
Comprises the results of the company before interest receivable and similar income, interest payable and similar expenses, income from shares in group undertakings, amounts written off in investments, corporation tax and deferred tax.

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 judgement and no significant estimates.

Recoverability of receivables (see note 8)
In assessing the recoverability of intercompany receivables, enquiries are made of the debtor company's directors, and factors such as the liquidity of the company are taken into account. Consideration is given to the underlying performance, cash flows and the funding available to the company. The Company considers that its intercompany receivables are low credit risk, and that the related expected credit losses are not significant.

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).

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.

continued...

1. **ACCOUNTING POLICIES** - continued

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.

continued...

1. **ACCOUNTING POLICIES** - continued

Leases

As a lessor

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

Under IFRS 16, the Company is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset.

The Company concluded the basis of a finance lease are:
- The lease transfers ownership of the underlying 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.

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

- 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.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

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.

continued...

1. **ACCOUNTING POLICIES** – continued

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.

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.

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.

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.

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 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

continued...

1. **ACCOUNTING POLICIES** – continued

- 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 of 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.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. **EMPLOYEES AND DIRECTORS**

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

The remuneration of the directors are paid by the parent 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.

3. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2021	2020
	£'000	£'000
Other interest receivable	**695**	347
Interest receivable due from fellow group undertakings	**2,805**	2,997
	3,500	3,344

continued...

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£'000	£'000
Interest on lease liabilities	4,014	4,312

5. LOSS BEFORE TAXATION

	2021	2020
	£'000	£'000
Depreciation - leased assets	418	395
Income from sub-leasing right-of-use assets	(667)	(601)
Right of use asset impairment	3,028	(625)
Management charge	83	87

During the current and prior year, the auditors' remuneration for the Company was paid by a fellow group undertaking amounting to £10,000 (2020: £10,000).

6. TAXATION

Analysis of tax income

	2021	2020
	£'000	£'000
Current tax:		
Corporation taxation payable	(922)	(355)
Deferred tax current year	311	58
Total tax income in statement of comprehensive income	(611)	(297)

Factors affecting the tax expense
The tax assessed for the year is the same as (2020 - lower) the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
Loss before income tax	(3,213)	(224)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(611)	(42)
Effects of:		
Remeasurement of opening deferred tax	-	(255)
Tax income	(611)	(297)

The UK corporation tax relates to amounts due from other group companies in relation to group relief.

Factors that may affect future tax charges
The Finance Bill 2021 published on 11 March, includes provision for the main rate of corporation tax to increase from 19% to 25 % with effect from 1 April 2023. The legislation was not substantively enacted at the balance sheet date and therefore deferred tax has been provided using the enacted rate of 19%. If deferred tax was calculated using the 25% rate, the net deferred tax asset would be increased from £1,792,728 to £2,358,852.

Although the Finance Bill 2021 has subsequently received Royal Assent on 10th June 2021, this does not affect the figures that are noted in the accounts as at the date of the balance sheet.

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6. **TAXATION** - continued

Deferred tax
As at 31 March 2021 a deferred tax asset of £1,792,728 was recognised (2020 - £2,104,024).

7. **PROPERTY, PLANT AND EQUIPMENT**

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 valuations were confirmed by a 3rd party.

The impairment loss recognised on tangible fixed assets in the period was £3m (2020 - £nil) 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.

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:

	Leasehold £'000
COST	
At 1 April 2020	5,206
Addition	-
At 31 March 2021	**5,206**
DEPRECIATION	
At 1 April 2020	395
Depreciation	418
Impairments	3,028
At 31 March 2021	**3,841**
NET BOOK VALUE	
At 31 March 2020	4,811
At 31 March 2021	**1,365**

continued...

8. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	**34,844**	16,243
Amounts receivable in respect of finance leases	**1,671**	1,887
	36,515	18,130
Amounts falling due after more than one year:		
Amounts receivable in respect of finance leases	**112,988**	122,941
Other debtors	**1,793**	2,104
	114,781	125,045
Aggregate amounts	**151,296**	143,175

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.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Leases (see note 11)	**18,810**	21,494
Amounts owed to group undertakings	**36,846**	17,083
	55,656	38,577

The amounts owed to group undertakings are unsecured, interest bearing at LIBOR plus a 0.50% margin and are repayable on demand.

The company hold 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;
- Ebley Tyre Services Limited;
- Kwik-fit Euro Limited;
- Kwik-fit (GB) Limited;
- Kwik-fit Holdings Limited;
- Kwik-fit Nederland BV;
- Kwik-fit Netherlands Cooperatief WA;
- Superdrive Motoring Centres Limited; and
- TPAS (UK) Limited.

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

	2021 £'000	2020 £'000
Leases (see note 11)	110,077	119,879

11. FINANCIAL LIABILITIES - BORROWINGS

	2021 £'000	2020 £'000
Current:		
Leases (note 12)	18,810	21,494
Non-current:		
Leases (note 12)	110,077	119,879

12. LEASES

	2021 £'000	2020 £'000
1 year or less	18,810	21,494
1-2 years	14,595	14,296
2-5 years	42,094	41,680
More than 5 years	53,388	63,903
Total	**128,887**	**141,373**

	Leasehold £'000
Lease Liability	
Balance as 1st April 2020	141,373
Lease payment change	7,057
Disposal	(4,876)
Interest Charge	4,014
Lease Payment	(18,681)
Balance as 31st March 2021	**128,887**

Lease payment changes represent modifications to existing leases under IFRS16.

The total cash outflow for leases during prior year was £18,879,880, with interest charge on lease liabilities being £4,311,793 paid by fellow group undertaking.

continued...

13. CALLED UP SHARE CAPITAL

	2021	2020
	Allotted, called up and fully paid	Allotted, called up and fully paid
	£	£
Ordinary A shares of £1 each	**1**	1
Ordinary B shares of £1 each	-	-

Ordinary A shares and Ordinary B shares have the same rights and privileges in all respects.

14. RESERVES

The company reserves are as follows:

Retained earnings
The retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

15. RELATED PARTY DISCLOSURES

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

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16. **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.

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

	2021
Maturity analysis - contractual undiscounted cash flows	**£'000**
Less than one year	18,184
One to five years	67,025
More than five years	63,482
Total undiscounted lease liabilities as at 31st March 2021	148,691
Lease liabilities included in statement of financial position at 31st March 2021	128,888
Current	18,811
Non-current	110,077
	128,888

continued...

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

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.

As a Lessor

Lease income from lease contracts in which the Company acts as a lessor is £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:

	2021
	£'000
Less than one year	461
One to two years	426
Two to three years	393
Three to four years	314
Four to five years	245
More than five years	505
Total undiscounted lease payments	**2,345**

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.

	2021
	£'000
Less than one year	2,310
One to two years	2,291
Two to three years	2,266
Three to four years	2,265
Four to five years	2,224
More than five years	8,631
Total undiscounted lease payments	**19,987**

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17. **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.

18. **POST BALANCE SHEET EVENT**

On 28 September 2021, the Group's funding arrangements were amended to consist of a new three year loan expiring on 30 September 2024 of £400m, a further £100m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2022, in addition to a short term funding facility of £130m which is currently due to expire, unless both parties agree to extend, on 31 March 2022. All of the above facilities were provided by Itochu Corporation, the group's ultimate parent.

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