

FPS DISTRIBUTION LIMITED

**Annual Report and Financial
Statements for the year ended
31 December 2021**



FPS DISTRIBUTION LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2021**

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FPS DISTRIBUTION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Eden
J F Coombes
S W Richardson

COMPANY SECRETARY

J F Coombes

REGISTERED OFFICE

Matrix House,
Basing View
Basingstoke
RG21 4DZ

BANKERS

Lloyds Bank
2nd Floor
Lisbon House
116 Wellington Street
Leeds
LS1 4LT

AUDITOR

Ernst & Young LLP
Statutory Auditor
1 Bridgewater Place
Water Lane
Leeds
West Yorkshire
LS11 5QR
United Kingdom

FPS DISTRIBUTION LIMITED

STRATEGIC REPORT For the year ended 31 December 2021

The Directors, in preparing this strategic report have complied with section 414c of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year is that of a holding Company whose purpose is to receive and distribute dividends. The Directors do not foresee any significant changes to the future prospects of the business or its main activities.

STRATEGIC AND OPERATIONAL REVIEW

The result for the year resulted from dividend income from subsidiary companies and amounted to £34.7m (2020: £2.7m). There are no other income streams in the business.

All monies received by way of dividend are repatriated via dividend to the Company's ultimate holding Company.

PRINCIPAL RISKS AND UNCERTAINTIES

BREXIT

The directors have considered the impact of BREXIT on the company and where necessary has taken steps to mitigate the effect of this matter on the commercial and financial performance of the company.

On the basis of the above the directors are satisfied that the business has taken the necessary steps to protect the business from the risks created by BREXIT.

Global economy

The Covid 19 Pandemic, the conflict in the Ukraine and general price rises have had no direct impact on the Company

The directors remain vigilant in respect of any future market impact due to the pandemic, the Ukraine conflict and inflation within its subsidiary companies and inventory levels are being held at above pre pandemic levels to protect against potential supply chain disruption.

Statement of Compliance with Section 172 (1) Companies Act 2006

“A director of a company must act in the way, he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company’s employees;
- (c) the need to foster the company’s business relationships with suppliers, customers and others;
- (d) the impact of the company’s operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.”

Typically, in large companies such as FPS Distribution Limited, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure, which covers: the values and behaviors expected of our employees; the standards that they must adhere to; how we engage with stakeholders; and how the Board assures itself that the governance structure and system of controls continue to be robust.

All the directors of FPS Distribution Limited are based in the UK and are actively involved in the day to day management of the Company.

The following summarises how the directors had regard to the respective elements of Section 172 factors set out below in the fulfilment of their duties during 2020

The Board recognises that the Company has a range of stakeholders that it needs to have regard to when fulfilling its duties under Section 172.

(a) Long term consequences of decisions

Developing strategy

The Board oversees a structured approach to the development of the Company’s strategy, looking at commercial considerations and the development of current and possible future markets. It also takes a long-term perspective on matters such as possible geopolitical change, strategic workforce requirements and the impact of new technology. Long-term business planning and key strategic decisions are undertaken in line with the strategy agreed by the Board.

Acquisitions and Bidding for new customers and business

The quality of the input and decision-making in this area is important to our long-term performance, and ultimately our viability. Consequently, the Board oversees core business processes designed to ensure that, when the Company or group wins new business, or completes acquisitions we are well placed to deliver on our commitments.

In the year ended 31 December 2021 the wider group acquired 8 new businesses. The directors have clear criteria in respect of the quality of businesses acquired and integrated into the Company and the price paid for the acquisitions. These decisions are supported by a process of legal and commercial due diligence.

FPS DISTRIBUTION LIMITED

Capital allocation

The Company's capital allocation policy, including its approach to the payment of dividends within the largest group that the Company is a part of (as defined in note 24), ensures that key balance sheet-related decisions are made within a long-term policy structure.

People strategy

Our ability to deliver on our commitments to customers and sustain the business in the long term is highly dependent on the skills and know-how of our workforce. With new technologies emerging, we recognise that the balance and type of skills we require is changing. We are planning for the future by identifying the key skills we require and how we acquire these through the training and development of our existing workforce, and also by targeting and attracting new employees. We are focusing on generational changes in the workplace to create a productive environment for our future workforce. The dynamic nature of the Company's business continues to create opportunities for advancement for its staff.

Strategic actions

The UK business continues to focus on the integration of acquisitions and the centralisation of key function such as Finance, IT, HR and Purchasing. In Purchasing, this central process has allowed the group to broaden its horizons in respect of procurement and acquire high quality product at competitive terms. This strategy is pushing forward the groups private label programs, and this is a key differentiator from our competitors.

Dividends

Consistent with its capital allocation policy, during the year the Board made decisions in respect of the 2020 final dividend and an interim dividend for 2021 details of the dividends declared are set out the Statement of Changes in Equity.

Strategic workforce planning

During the year, the Board reviewed the work being undertaken by our Human Resources function on strategic workforce planning, and how this was being used to determine future workforce requirements and particular skills needs. This work included an analysis of our success in retaining people by improved workforce engagement, and a comprehensive succession plan in respect of all senior positions. The group has also developed an Apprenticeship program to help bring improved structure to the Group's training provision.

(b) The interests of the Company employees

Our commitment to employees

We are committed to creating a culture where all our employees can give their best. Our Code of Conduct provides employees with guidance on matters such as the support we provide, respect for their rights within the workplace, and how issues and concerns are dealt with. The Board oversees the mechanisms we have in place to help to ensure employees can raise any matters of concern, and how such matters are considered and, where necessary, investigated. The group has a confidential whistleblower hot line and this is publicised at all the Company's locations to ensure all employees can voice any concerns they may have. The Board also completed a first all employee satisfaction survey in 2021 and the results of this survey have been reviewed and used to improve the employees' experience. The survey is now completed annually.

Apprentices are vital to the continued success of our business and we have active apprenticeship programs across the group.

Reward

Employees are provided with competitive reward packages that reflect their individual responsibilities and contribution to business performance. We also recognise individual and team successes.

Diversity and inclusion

We are committed to being an inclusive organisation with a diverse workforce that reflects the global communities in which we work. Our current priority is to ensure diversity and inclusion is embedded in the very core of our business, in our practices, policies, education and training to ensure that all of our employees are valued and respected and can thrive during their careers.

FPS DISTRIBUTION LIMITED

Safety

The Board, through the Corporate Responsibility Committee, oversees our objective of driving towards world-class levels of safety performance.

(c) Business relationships

The Company has a limited number of direct business relationships and these are managed and maintained by its subsidiary companies.

(d) Impact on community and environment

We proactively consider, manage and review the impact we have on our local communities as part of the delivery of long-term sustainable business performance. The programmes we support are closely aligned with our business, including support of charities specifically aligned to our sector.

The board fosters an approach of environmental responsibility across all group companies.

(e) Reputation for high standards of business conduct.

Responsible trading

Responsible business conduct is fundamental to the long-term success of the Company. We do not compromise on the way we conduct business and consistency of this approach is key to defining the Company reputation. We have Responsible Trading Principles that underpin all of our business activity, they are:

- we understand and support our customers requirements;
- we work to our values in all that we do;
- we assess carefully our products and services with the objective that neither we nor our customers are exposed to significant reputational risk; and
- we are as open as practicable about the nature of our business.

Code of Conduct

Responsible behaviour is fundamental to how we do business. It is not just about what we do but how we do it that is vitally important to both the reputation and success of our Company. Our Code of Conduct sets out the standards and behaviours expected of all our employees, and details the guidance and support that we provide to help employees to meet the high standards of business conduct – legally and ethically – that our customers and other stakeholders expect.

Speaking up

We are committed to building a responsible culture where employees can speak up if they have questions or concerns. To assist with this, all employees have access to our 24-hour Whistleblower helpline, with the assurance of complete anonymity.

Whistleblower Helpline

Employees are encouraged to seek guidance, raise concerns or report issues, if necessary to the Whistleblower Helpline. This service is provided by a third party reporting directly to Group compliance team to ensure that complete anonymity can be maintained and that no reports are influenced by local management.

(f) Acting fairly between members of the Company

Shareholder engagement

The Directors understand their duty to act fairly between shareholders including fellow Group companies as required by UK company law and the Company's regulatory obligations pursuant to the listing of its ultimate US Parent Company.

Investor meetings and engagement

Shareholder contact is the responsibility of the executive directors and the Investor Relations team of the Ultimate Parent Company, Genuine Parts Company. They manage and develop the Group's external relationships with institutional investors, prospective investors and analysts. They conduct a comprehensive program of investor meetings, webcasts, conferences, industry events and calls, particularly following the release of Group's annual and quarterly results.

Decision Making and Principal Decisions

During 2021 the directors consider that their principal decisions have been as follows:

Acquisitions

The Group and the Company have continued with a program of growth by selective acquisitions. This strategy continues to deliver profitable growth for the business, increased purchase volume for the Company's key suppliers and opportunities for advancement to existing staff and the staff of acquired entities. Following the decision to reduce the number of acquisitions in 2020, during the Covid 19 pandemic, the Board took the decision to increase the number of acquisitions in 2021 and the group executed 8 acquisitions in 2021 (2020:3).

Investment in Training and Development

As Company continues to grow the Board has decided to increase expenditure on training and development of its own staff and the staff of its key customers. The Company may use training offered by fellow subsidiary companies to deliver this. This decision will improve the career opportunities of its staff and give a competitive advantage to its key customers. During 2021 the use of on-line methods of training delivery continued to form a part of its suit of training methods, as the pandemic continued to limit the ability of delegates to physically attend courses.

Private Label Product

The Board are committed to increasing the range and availability of products in the Company's private label programs. This allows the Company to give its customers a unique offer of quality products at a competitive price. The Company can also develop long term strategic relationship with manufacturers of these products. The UK group introduced a further 5 product lines into its private label range in 2021.

FPS DISTRIBUTION LIMITED

Going concern

The directors have carried out a review of the Company's resources and assessed the challenges presented by the current economic climate. The Company is dependent on its subsidiary businesses. Specifically, the directors have considered the impact of the Covid -19 pandemic on its subsidiaries along with the cost of living and inflation challenges now faced in 2022. The pandemic did not have a significant impact on the group or the company in 2021 or now in 2022.

The Group has no direct or indirect reliance on the Ukraine or Russia as a customer or supplier and has not suffered any impact from the current conflict. The Group has annualised costs of heat and light of c£3m and it is anticipated that these will increase significantly in 2023 but while this impact profitability, the increase is not critical to the cashflow of the business.

The Group has seen general price rises in the products that it sells in 2022 to the market. To date the business has been able to pass on these price rises. The Group's direct competitors source their products from the same or similar suppliers and will be subject to the same increases in cost. The products sold by the Group are purchased by its customers out of necessity rather than choice and while employment remains high in the UK car use has remained stable and the Group continues to perform well in 2022.

The Company has not suffered any labour shortages that have impacted on output, and where hiring has proved difficult contract labour has been used to ensure operations are not impacted.


The directors have prepared detailed forecasts and cash flows for this Company and related Companies in the UK for the period up to 31 December 2023, and has applied sensitivities to these cashflows.

Due to the strong interdependency of this Company and its fellow UK subsidiaries the directors have reviewed the UK trading Companies as a whole and have formalised the commitment of the UK group Companies to support each other financially in a bilateral manner for the foreseeable future, by means of a letter of comfort.

The group has significant finance facilities in place giving further headroom in the forecasts, over and above that provided by the on-going positive operating cashflows. At the date of signing the accounts none of these facilities are drawn on, but they remain available to the Company and Group if needed.

On the basis of the forecasts prepared and this commitment of support the directors consider the company to have sufficient cash resources in the foreseeable future. As such they are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least the period to 31 December 2023.

This report was approved and authorised for issue by the board and signed on their behalf by:

DocuSigned by:

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J F Coombes

Director

29 September 2022

FPS DISTRIBUTION LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2021

The Directors present their annual report and the audited financial statements for FPS Distribution Limited (the "Company") for the year ended 31st December 2021.

DIRECTORS

The following were Directors of the Company during the year and thereafter except as noted:

J C Eden (resigned 22 August 2022)

J F Coombes

S W Richardson

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

COMPANY SECRETARIES

The following officers fulfilled the role of Company Secretary during the year and thereafter, except as noted:

J F Coombes

DIVIDENDS

Dividends paid are detailed in the Strategic Report on page 2.

POLITICAL AND CHARITABLE CONTRIBUTION

The company made no political or charitable donations during the period (2020 – £nil).

POST STATEMENT OF FINANCIAL POSITION

The directors have not identified any post statement of financial position events which require disclosure.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Engagement with suppliers, customers and others is set out in the Strategic Report on page 5.

FINANCIAL RISK MANAGEMENT

The company is exposed to a level of trade credit. This is managed by pro-active credit control and regular review of amounts outstanding, driving best practice among the company and fellow subsidiaries at monthly review meetings. The company ensures that its exposure is constantly reviewed.

ENVIRONMENT

The Company is committed to preventing and mitigating possible adverse effects upon the environment and people arising from its activities. The Company seeks to minimise wherever possible the volume of waste it creates as a result of its activities by continually working with its principal suppliers to establish projects for recycling and remanufacturing of products.

EMPLOYEE INVOLVEMENT

The company is an equal opportunities employer and seeks to encourage and promote all employees to maximise their potential in the company. The company gives full and fair consideration to all applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; continuing the employment of, and arranging training for employees who have become disabled persons while employed; and otherwise, for the training, career development and promotion of disabled persons.

The company has made strides to improve inclusion and communication with employees and this has included investment in an on-line training tool to disseminate critical training in areas such as cyber security and GDPR.

Health and Safety of staff is a priority for the Group and helpful tip sheets are now also disseminated on-line to staff to help maintain high level of Health and Safety at all locations.

FPS DISTRIBUTION LIMITED

The Company completed its first all employee satisfaction survey in 2021 and this survey will now be completed annually.

MODERN SLAVERY

The company's modern slavery policy can be found at the following web address;

<https://allianceautomotivegroup.eu/modern-slavery-statement/>

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE

The Company has taken advantage of the exemption from providing SECR disclosures as it qualifies as a low energy user with carbon emissions below 40,000kWh.

Matters covered in the Strategic report

Certain information is not shown in the Directors' report because it is shown in the Strategic Report on Page 3 instead under s141C(11). The Strategic report includes future developments and information on the Company's risk management policies

DISCLOSURE OF INFORMATION TO THE AUDITORS

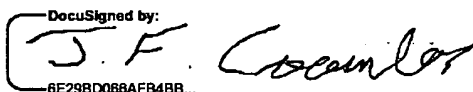
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Approved by the board and signed by:

DocuSigned by:

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J F Coombes
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

FPS DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FPS DISTRIBUTION LIMITED

Opinion

We have audited the financial statements of FPS Distribution Limited for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 10, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit 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.

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 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 the period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

FPS DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FPS DISTRIBUTION LIMITED

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 there is 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 the 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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.

FPS DISTRIBUTION LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FPS DISTRIBUTION LIMITED*****Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, FRS 102, the Companies Act 2006 and the tax laws and regulation in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to health and safety, employee matters, anti-bribery and corruption and data protection.
- We understood how FPS Distribution Limited is complying with those frameworks by making enquiries of management and those responsible for compliance and legal matters. We corroborated our enquiries through our review of Board minutes and consideration of the results of our audit procedures performed across the company, including audit procedures in respect of the compliance of these financial statements with the disclosure requirements of FRS 102 and the Companies Act 2006.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur in relation to financial reporting and the effectiveness of the company's controls and procedures in respect of fraud prevention. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by reviewing third party evidence wherever possible. We also leveraged our data analytics platform in performing our work to assist in identifying higher risk transactions for testing. We assessed the compliance of the financial statements with the required reporting frameworks and assessed the company's compliance with the applicable laws and regulations. The results of our procedures did not identify any instances or irregularities, including fraud.

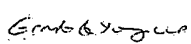
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

FPS DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FPS DISTRIBUTION 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 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.

DS


Eddie Diamond (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds, UK

29 September 2022

FPS DISTRIBUTION LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Income from shares in group undertakings		34,734	2,700
Profit on ordinary activities before taxation	2	34,734	2,700
Taxation on profit on ordinary activities	3	-	-
Profit for the financial year		34,734	2,700
Retained profit at 1 January		75	75
Dividends		(25,749)	(2,700)
Retained profit at 31 December		9,060	75

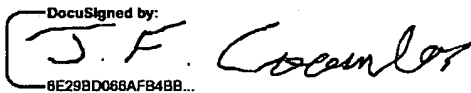
The accompanying notes form an integral part of these financial statements.

All turnover and results for the year and the prior year arise from continuing operations.

FPS DISTRIBUTION LIMITED**STATEMENT OF FINANCIAL POSITION**
As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	6	13,350	13,350
Current assets			
Debtors	7	-	-
Creditors: amounts falling due within one year	8	(3,642)	(12,627)
Net current liabilities		(3,642)	(12,627)
Total assets less current liabilities		9,708	723
Net assets		9,708	723
Capital and reserves			
Called up share capital	9	74	74
Share premium account		574	574
Retained earnings		9,060	75
Shareholders' funds		9,708	723

The financial statements of FPS Distribution Limited, registered number 04169831 were approved and authorised for issue by the Board of Directors on 29 September 2022 and were signed on its behalf by:

DocuSigned by:

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J F Coombes
 Director

FPS DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. ACCOUNTING POLICIES

The principal accounting policies adopted 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.

General information

FPS Distribution Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Matrix House, Basing View, Basingstoke, RG21 4DZ.

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

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as specified in the accounting policies below.

The company is a qualifying entity for the purposes of applying the reduced disclosure framework. The company has taken advantage of the following disclosure exemptions:

- (a) The requirements of Section 7 Statement of Cash Flows meaning the company has not prepared a Statement of Cash flows;
- (b) The requirement of Section 33 Related Party Disclosures paragraph 33.7
- (c) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)

In addition, the company has taken advantage of the scope exemption in Section 33 Related Party Disclosures and not disclosed transactions entered into with other wholly-owned members of its group.

The company has notified its shareholder, who does not object to, the use of the disclosure exemptions.

Judgements in applying the accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The only key accounting estimates relates to the valuation of investments. The performance of the applicable subsidiaries is reviewed continually to ensure there are no indicators of impairment.

FPS DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Going concern

The directors have carried out a review of the Company's resources and assessed the challenges presented by the current economic climate. The Company is dependent on its subsidiary businesses. Specifically, the directors have considered the impact of the Covid -19 pandemic on its subsidiaries along with the cost of living and inflation challenges now faced in 2022. The pandemic did not have a significant impact on the group or the company in 2021 or now in 2022.

The Group has no direct or indirect reliance on the Ukraine or Russia as a customer or supplier and has not suffered any impact from the current conflict. The Group has annualised costs of heat and light of c£3m and it is anticipated that these will increase significantly in 2023 but while this impact profitability, the increase is not critical to the cashflow of the business.

The Group has seen general price rises in the products that it sells in 2022 to the market. To date the business has been able to pass on these price rises. The Group's direct competitors source their products from the same or similar suppliers and will be subject to the same increases in cost. The products sold by the Group are purchased by its customers out of necessity rather than choice and while employment remains high in the UK car use has remained stable and the Group continues to perform well in 2022.

The Company has not suffered any labour shortages that have impacted on output, and where hiring has proved difficult contract labour has been used to ensure operations are not impacted.

The directors have prepared detailed forecasts and cash flows for this Company and related Companies in the UK for the period up to 31 December 2023, and has applied sensitivities to these cashflows.

Due to the strong interdependency of this Company and its fellow UK subsidiaries the directors have reviewed the UK trading Companies as a whole and have formalised the commitment of the UK group Companies to support each other financially in a bilateral manner for the foreseeable future, by means of a letter of comfort.

The group has significant finance facilities in place giving further headroom in the forecasts, over and above that provided by the on-going positive operating cashflows. At the date of signing the accounts none of these facilities are drawn on, but they remain available to the Company and Group if needed.

On the basis of the forecasts prepared and this commitment of support the directors consider the company to have sufficient cash resources in the foreseeable future. As such they are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least the period to 31 December 2023.

The company therefore continues to adopt the going concern basis in preparing its financial statements.

Investments in subsidiaries

Investments in subsidiaries and held as fixed assets are stated at cost less provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, and liquid investments, net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Financial assets and liabilities

The fair values of the Company's trade receivables, cash and cash equivalents, bank overdrafts and trade payables with maturity of less than one year are assumed to approximate to their book value. The Company does not enter into derivative financial instruments.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full, using the liability method, on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the entity's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

Upon assessment, the Directors have concluded that there are no critical accounting judgements applied within these Financial Statements.

Key source of estimation uncertainty

Upon assessment, the Directors have concluded that there are no estimations within these Financial Statements.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditor's remuneration for the statutory audit of the Company is borne by another group undertaking and not recharged. There were no non-audit services provided by the auditor to the Company in either year.

FPS DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

3. TAX ON PROFIT

The tax charge comprises:

	2021 £'000	2020 £'000
Current tax on profit		
UK corporation tax	-	-
Total current tax	-	-

Deferred tax assets and liabilities have been stated at the corporation tax rate of 25% (2020: 19%) reflecting the increase in the main UK corporation tax rate which was enacted to take effect from 1 April 2023. This rate was substantively enacted on 24 May 2021 and remained in force at the balance sheet date. This is on the basis that it is anticipated that the Company's deferred tax assets and liabilities will materially unwind after April 2023.

However, on 23 September 2022 the Government announced that the rate increase to 25% will be cancelled and the main UK corporation tax rate will remain at 19%. As this has yet to be enacted into law it has not been reflected in the Company's deferred tax balances in this accounting period.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2021 £'000	2020 £'000
Profit before tax	34,734	2,700
Tax on profit at standard UK corporation tax rate of 19.00% per cent (2020: 19.00% per cent)	6,599	513
Effects of:		
- Income not taxable in determining taxable profit	(6,599)	(513)
Total tax charge for year	-	-

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

There is no expiry date on timing differences, unused tax losses or tax credits.

FPS DISTRIBUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 2021**4. DIVIDENDS PAID**

	2021 £'000	2020 £'000
Ordinary equity shares		
Interim dividend:		
Ordinary shares £37.03 per share (2020: £3.88)	25,749	2,700
'A' ordinary shares £nil per share (2020: £nil)	-	-
	<u>25,749</u>	<u>2,700</u>
	<u><u>25,749</u></u>	<u><u>2,700</u></u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**Directors' remuneration**

There was no remuneration paid from the Company for any of the Directors as they are paid by other group Companies and not recharged. Their management of the Company forms only a small part of their responsibilities within the wider Alliance Automotive Group and so it is not possible to accurately identify that element of their remuneration which is directly attributable to the Company (2020: same).

There were no employees other than the Directors during the year (2020: same).

6. Investments**Shares in group undertaking**

	2021 £'000	2020 £'000
Cost at 1 January and 31 December	13,350	13,350
	<u>13,350</u>	<u>13,350</u>

Investments represent 100% holding in the ordinary share capital of Ferraris Piston Service Limited, Apec Limited and BTN Turbo Charger Service Limited. These companies are all registered at Bridge House, 3 Timothy's Bridge Road, Stratford upon Avon, CV37 9NQ and incorporated in the United Kingdom. These companies' principal activities are the supply of motor vehicle parts. The Company has taken advantage of the exemption from the requirement to produce group Financial Statements conferred in Section 401 of the Companies Act 2006 on the grounds that it is a 100% wholly owned subsidiary of Genuine Parts Company, a company incorporated in the United States of America and quoted on the New York Stock Exchange. Copies of the consolidated financial statements of the Genuine Parts Company, which include this company, can be obtained from 2999 Wildwood Parkway, Atlanta, Georgia, GA 30339, USA

7. Debtors

	2021 £'000	2020 £'000
Amounts owed by subsidiary companies	-	-
	<u>-</u>	<u>-</u>

FPS DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

8. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed to subsidiary companies	3,642	12,627
Amounts due to subsidiary companies are unsecured, interest free and repayable on demand.		

9. Called up share capital

	2021	2020
	No.	No.
Authorised		
Ordinary shares of 10p each	745,400	745,400
'A' ordinary shares of 10p each	64,600	64,600
	<u>810,000</u>	<u>810,000</u>
Allotted, called up and fully paid	£'000	£'000
695,418 ordinary shares of 10p each	70	70
42,050 'A' ordinary shares of 10p each	4	4
	<u>74</u>	<u>74</u>

The 'A' ordinary shares rank pari passu with the ordinary shares.

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent undertaking is Alliance Automotive Holding Limited, a company incorporated in England & Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate the company's financial statements is Genuine Parts Company, a company incorporated in the United States of America and quoted on the New York Stock Exchange.

Copies of the consolidated financial statements of the Genuine Parts Company, which include this company, can be obtained from 2999 Wildwood Parkway, Atlanta, Georgia, GA 30339, USA.