

Registered number: 00998035

Alliance Automotive UK LV Limited

Report and Financial Statements

31 December 2021

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COMPANIES HOUSE

Company information

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Secretary

J F Coombes

Auditors

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Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company is that of wholesalers of parts and accessories to the motor trade.

Review of the business and future developments

During the year the trade and assets of 7 fellow subsidiaries were transferred into the company as follows: EBC Motor Factors Limited on 26 April 2021, Minehead Motor Factors Limited on 17 May 2021, Westend Limited on 19 July 2021, Nyanza Car and Commercial Limited on 6 September 2021, Yorkshire Exhaust Specialists Limited on 18 October 2021, Cotswold Motaquip Limited on 29 November 2021, C.M.F Canterbury Limited on 6 December 2021.

The impact of acquisitions on the performance of the company is separately analysed in the Statement of income and retained earnings on page 21.

The directors remain optimistic in respect of the general market outlook and plan to continue a policy of stable growth through a combination of, the integration of acquired operations and, further organic growth of the underlying business. On this basis the directors expect the company to continue to trade satisfactorily for the foreseeable future.

As shown in the Statement of Income and Retained Earnings on page 21 the company's turnover has increased 24% against the prior year largely because the company has been used to hive up and consolidate fellow subsidiary businesses trading.

The underlying business has also performed well in the year with a strong 'bounce back' following the period of Covid lockdown during 2021. Excluding the rollforward impact of prior year acquisitions it is estimated that the underlying business has grown by 13%.

The Statement of Financial Position on page 22 of the financial statements shows that the company's financial position at the year-end, in terms of net assets, increased from the prior year by £7,243,523 after dividends of £18,000,000 (2020 - £13,000,000).

Given the nature of the business and financial position, the directors do not believe that any further key performance indicators, over and above turnover and net assets, covered above, are necessary for an understanding of the position or performance of the entity.

Since the statement of financial position date the trade and assets of 5 further fellow subsidiaries have been transferred into the company. See note 24 regarding post statement of financial position events.

Results and dividends

The profit for the year after taxation amounted to £25,243,523 (2020 – £22,252,982). The directors do not recommend a final dividend (2020 - £nil).

Interim dividends of £18,000,000 were paid during the year (2020 - £13,000,000), and the retained profit for the year of £7,243,523 (2020 – £9,252,982) has been transferred to reserves.

Strategic report (continued)

Principal risks and uncertainties

Global economy

The Company 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 Company 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 Company's direct competitors source their products from the same or similar suppliers and will be subject to the same increases in cost.

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.

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.

The company has no material export sales to the European Union or any other country and so no impact has occurred in this respect.

The company does purchase goods from the EU and has UK based suppliers that make purchases from the EU. In each case the company ensured that itself and its material suppliers had the relevant registrations and support in place to continue purchase from suppliers in the EU. The company at all times carries in excess of two months of stock and in the case of critical product lines the company increased stock holdings above their standard levels to ensure that the business is protected from any disruption in supply created by BREXIT.

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. The company has retained these above standard levels of inventory into 2022 to protect against on-going supply side uncertainty due to Global factors other than BREXIT.

Covid 19

The business recovered quickly from the impact of Covid 19 in 2020 and has traded strongly in 2021.

The directors remain vigilant in respect of any future market impact due to the pandemic, and as noted above, inventory has been maintained above historic levels to protect the company from supply chain risks.

Competitive pressure

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales. The company manages this risk by forming and maintaining strong relationships with all customers and offering and justifying value added services. The company feels it is uniquely experienced to provide these due to its extensive knowledge of the market and the products within it.

Trade credit

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.

Strategic report (continued)

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 Alliance Automotive UK LV 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 Alliance Automotive UK LV Limited are based in the UK and are actively involved in the day to day management of the Company.

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

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 2021.

(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.

Research and development

Through the strategy development and business planning processes, the Board approves the level of R&D funding and priorities for such investment.

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, 7 acquired businesses were integrated into the Company, these vary from single locations introducing less the £1m of incremental sales to multi location businesses introducing up to £6m of annualised incremental sales. 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.

Strategic report (continued)

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 25), 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.

New customers

The company has established relationships with most of the key national customers in the UK market and these relationships are now being converted into sales as the UK Group's geographic footprint increases. The directors will review all commercial terms in respect of these key accounts.

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 in note 11 of the accounts.

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 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 continually improve the employees' experience. The survey is now completed annually.

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.

Strategic report (continued)

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.

Safety

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

(c) Business relationships

Customers

The nature of our business means that we have a large number of customers, with whom we typically enjoy long-term relationships that are focused on the regular delivery of products in line with agreed Service Level Agreements (SLAs). Relationships with individual customers are held at many different levels within the organisation but the policy of delivering high levels of service and professionalism is led and disseminated from the Board at all times.

Suppliers

The Company looks to work with suppliers that embrace standards of ethical behaviour that are consistent with our own. We are committed to conducting business responsibly and to maintaining and improving systems and processes to reduce the risk of slavery or human trafficking in our business or supply chain.

We work with suppliers and their supply chains to provide fully compliant, cost-effective goods. Our supplier relationships are often long-term due to the length of our product lifecycles, therefore we aim to work with suppliers who share our values and who embrace standards of ethical behaviour consistent with our own.

This engagement includes regular meetings with senior management of our suppliers and factory visits and audits to ensure commitments are being adhered to.

(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.

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

As a distributor of products across the whole of the UK, we recognise that our operations have an environmental impact – from the energy and resources used in operations, to the waste generated. We are committed to reducing the environmental impact of our operations and products, minimising our ecological footprint and in turn, decreasing our operational costs. The Board's Corporate Responsibility Committee provides oversight of our environmental commitments.

The Board looks specifically to ensure the business uses the most fuel efficient vehicles that are commercially viable and has processes in place to ensure waste packaging is managed and disposed of in the most responsible and cost effective manner. The Board has also implemented programs to collect certain used products from customers and returns them to suppliers for remanufacturing to minimise the waste generated.

Strategic report (continued)

(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.

Strategic report (continued)

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 10 acquisitions in 2021 (2020:3). During 2021 7 of these acquisitions have been hived across into this Company with a further 1 acquisition being hived across in to this Company in February 2022. (as disclosed in note 26).

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.

Post statement of financial position

Since the year end, assets and liabilities of 5 further subsidiary companies with a total net asset value of £9.2 million were transferred to this company along with the related trade.

Strategic report (continued)

Going concern

The directors have carried out a review of the Company's resources and assessed the challenges presented by the current economic climate. Specifically, the directors have considered the impact of the Covid -19 pandemic on the business 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 Company 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 impacts 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.

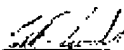
The Company has not suffered any labour shortages that have impacted on output, and where hiring has proved difficult contract labour has been used to ensure operations are not impacted. The directors have prepared detailed forecasts and cash flows for this Company and related Companies in the UK for 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. The Company was profitable in 2020 and 2021 and had net current assets and net assets in both years.

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. Refer to Note 2 for further consideration of going concern.

Approved by the Board on **Sep 29, 2022** and signed on its behalf by:



J F Coombes
Secretary
Registered No. 00998035

Directors' report

The directors present their report and financial statements for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

J F Coombes

A Arnone

Future developments

Future developments are commented in the Strategic Report on page 2.

Dividends

Dividends are detailed within the Strategic Report on page 2.

Political and charitable donations

The company made £nil charitable or political donations during the year (2020 - £nil).

Research and development activities

The company's research and development activity is set out in the Strategic Report on page 4.

Post balance sheet events

These are as disclosed in the Strategic Report and Note 23.

Engagement with suppliers, customers and others

Engagement with suppliers customers and others is set out in the Strategic Report on pages 5 and 6.

Statement of corporate governance arrangements

The company follows the Wates Corporate Governance Principles for larger private companies. The implementation of the six principles by the Company is noted below.

Purpose and leadership

The company is a wholly owned subsidiary of Genuine Parts Company and the strategic decisions of the worldwide Group have a major influence on the decisions of the Company. Additional details of the UK board and reporting structure are included in the Strategic Report on pages 2 to 9.

Board composition

The key decisions of the Company are made by the Executive Committee. The Committee comprises the 2 directors of the Company along with leaders in the key functions of the Company of Logistics, IT, HR, Marketing and Procurement. The Company's annual appraisal and goal setting procedure applies to the Executive Committee members in the same way as for all other employees of the Company. The Executive Committee will take into account the needs of all stakeholders and UK regulatory requirements when implementing its goals.

Directors' report (continued)

Director responsibilities

The Executive Committee meets once a month and, as noted above, each member has a clearly defined responsibility and expertise. This structure is reflected at all levels of Genuine Parts Company ensuring that decisions are taken and implementations are executed by employees with relevant experience and qualifications.

Opportunity and risk

The local Executive Committee is guided by the governing policies and vision of Genuine Parts Company when considering the impact of key decisions. Details of these decision making principals are set out in the Strategic Report on page 8.

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.

Remuneration

The Company and Group have an annual remuneration review for all employees including the Executive Committee. There are short and long term incentive schemes within the Company and wider Group that are relevant to the Executive Committee.

Stakeholder relationships and engagement

Information in respect of this is set out in the s172 report, within the Strategic Report on page 7.

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.

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

Directors' report (continued)

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 SECR disclosure represents the UK Group's carbon footprint within the United Kingdom. The Group operates as an integrated business across the United Kingdom and it is not possible or helpful to analyse the Group's carbon into separate legal entities so the total emissions of the UK Group have been disclosed in the accounts of each entity required to comply with SECR in the UK;

The section below presents the energy usage and associated carbon dioxide emissions for the UK Group's operations. This section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG emissions and energy use data for period January 2021 – December 2021

	Units	Year to 31 Dec 2021	Year to 31 Dec 2020
Emissions from combustion of gas (Scope 1)	tCO ₂ e	1,767	1,633
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	13,456	21,934
Emissions from purchase of electricity (Scope 2)	tCO ₂ e	1,864	2,277
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the companies does not own or control (Scope 3)	tCO ₂ e	165	n/a
Total Gross (based on above)	tCO₂e	17,252	25,844
Energy consumption used to calculate above emissions	kWh	70,851,258	106,971,336
Intensity Measurement	Annual sales (£m)	933	800
Intensity Ratio	tCO ₂ /annual sales (£m)	0.000018	0.000032

Directors' report (continued)

Quantification and reporting methodology

The Alliance Automotive UK Group followed the 2019 HM Government Environmental Reporting Guidelines and has used the 2021 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary. The primary source for energy consumption is from consolidated invoices and supplier interval data.

The electricity and gas data has been recorded over a 12-month period from Jan 2021 to Dec 2021. The data was collated directly from monthly invoices. The reporting spreadsheet provides a breakdown of monthly and annual consumption for each meter in KWh. There are various meters that had been purchased during the financial year and so have been outlined in the notes with the date of purchase within evidence pack for clarity. Consumption for these meters has been recorded when brought on by the Alliance Automotive group. Where invoices are not in line with the financial year, a pro rata calculation has been used to estimate the usage. The Alliance Automotive group tries to use limited gas at some of their sites, preferring to use gas oil heaters instead. All heating oils is green energy under Alliance Automotive's national account with Nation Wide Fuels.

Company transport data was provided by Alliance Automotive group; data was generated over the course of supply period. Transport has been outlined according to mileage per month for vehicles under Alliance Automotive UK LV Ltd and Alliance Automotive UK CV Ltd. Transport data was provided as total mileage for all vehicles used within reporting period for Ferraris Piston Services Ltd, APEC Ltd and Platinum International Ltd. Fuel usage has then been calculated based on an assumption, using an estimated percentage of diesel to petrol usage.

Intensity measurement

The Alliance Automotive UK Group uses annual turnover to calculate intensity metric. Formula used: $tCO_2/\text{annual turnover (£M)}$

Energy efficiency commentary

As a group we have made the following steps to increase our energy efficiency throughout the organization:

- We have completed an asset capture of the entire business and set up a national account for all maintenance and repairs to increase efficiency and stop waste of gas and electricity, all out of date and low energy efficient assets, boiler, hand dryers etc have or are being changed.
- All new sites are being installed with a minimum of energy rating A appliances, boilers, heaters, hand dryers, etc.
- We have installed fast track doors at all the National Distribution Centres to aid with heating efficiency
- All new sites are being fitted with motion sensitive LED lighting.
- There is currently an asset capture on all site's doors and windows and all wooden framed doors and windows are being replaced for new PVC energy efficient ones.
- Currently we are completing an asset capture of all lighting across the group and all sites will be converted to LED over a 4-year period.
- All heating oil is green from Nationwide Fuels.
- All gas and electricity are green where possible through Kinect.
- All new MHE (forklift Trucks, Pedestrian Sackers etc) are electric. All old gas and diesel MHE contracts, after expiry, will be swapped to electric.
- We have now centralized 90% of the business under one national account and in 2021 none of our waste went into landfill and we have recycled 60% of our waste.
- We have had a defensive driving campaign across the group to improve individuals driving; this aids with fuel economy, vehicle and tyre wear.

Directors' report (continued)

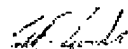
Matters covered in the Strategic report

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.

By order of the Board



J F Coombes

Director

Sep 29, 2022

Directors' Responsibilities Statement

The directors are responsible for preparing the Report and 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). 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 judgments and estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED

Opinion

We have audited the financial statements of Alliance Automotive UK LV Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position 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 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 state 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- evaluating the directors' method to assess the company's ability to continue as a going concern;
- reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- reviewing the appropriateness of the directors' disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED (continued)

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 the 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED (continued)

- 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 14, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK LV LIMITED (continued)

- communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance and the impact on revenue recognised, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

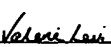
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE AUTOMOTIVE UK
LV LIMITED (continued)**

Use of the audit 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.


Valerie Levi (Sep 29, 2022 16:19 GMT+1)

Valerie Levi (Senior Statutory Auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: Sep 29, 2022

Statement of Income and Retained Earnings

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover			
– existing operations		349,766,338	265,127,995
– acquired operations		<u>3,719,625</u>	<u>19,752,545</u>
	5	353,485,963	284,880,540
Cost of sales		<u>(211,554,226)</u>	<u>(167,529,003)</u>
Gross profit		141,931,737	117,351,537
Administrative expenses		<u>(110,863,554)</u>	<u>(93,646,601)</u>
Other operating income	6	<u>345,186</u>	<u>4,325,593</u>
Operating profit			
– existing operations		31,091,940	26,086,998
– acquired operations		<u>321,429</u>	<u>1,943,531</u>
	7	31,413,369	28,030,529
Interest payable and similar charges	9	<u>(360,000)</u>	<u>(391,292)</u>
Profit on ordinary activities before taxation		31,053,369	27,639,237
Tax on profit on ordinary activities	10	<u>(5,809,846)</u>	<u>(5,386,255)</u>
Profit for the financial year		25,243,523	22,252,982
Retained profit at 1 January		34,601,159	25,348,177
Dividend paid	11	<u>(18,000,000)</u>	<u>(13,000,000)</u>
Retained Profit at 31 December		<u>41,844,682</u>	<u>34,601,159</u>


All amounts relate to acquired and continuing operations.

Statement of Financial Position

at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,292,360	1,478,919
Tangible assets	13	16,843,758	15,338,883
		<u>18,136,118</u>	<u>16,817,802</u>
Current assets			
Stocks	14	55,913,577	45,489,617
Debtors	15	58,757,476	58,992,620
Cash at bank and in hand		7,775,050	-
		<u>122,446,103</u>	<u>104,482,237</u>
Creditors: amounts falling due within one year	16	<u>(93,134,955)</u>	<u>(80,115,494)</u>
Net current assets		<u>29,311,148</u>	<u>24,366,743</u>
Total assets less current liabilities		<u>47,447,266</u>	<u>41,184,545</u>
Creditors: amounts falling due after more than one year	17	<u>(2,352,536)</u>	<u>(3,543,933)</u>
Provision for liabilities	19	<u>(3,246,048)</u>	<u>(3,035,453)</u>
Net assets		<u>41,848,682</u>	<u>34,605,159</u>
Capital and reserves			
Called up share capital	21	4,000	4,000
Profit and loss account	22	<u>41,844,682</u>	<u>34,601,159</u>
Shareholders' funds - equity		<u>41,848,682</u>	<u>34,605,159</u>

These accounts were approved by the directors and authorised for issue on Sep 29, 2022, and are signed on their behalf by:



J F Coombes

Director

Registered No. 0998035

Notes to the financial statements

at 31 December 2021

1. Company information

Alliance Automotive UK LV Limited is a private company limited by shares incorporated in England with its principal place of business being Matrix House, Basing View, Basingstoke, RG21 4DZ

The company's registration number is 0998035.

2. 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 financial statements are presented in Sterling (£) rounded to the nearest whole £1 which is also the functional currency of the Company.

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)
- (d) The requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c); and
- (e) The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

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.

Going concern

The directors have carried out a review of the Company's resources and assessed the challenges presented by the current economic climate. Specifically, the directors have considered the impact of the Covid -19 pandemic on the business 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 Company 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 impacts 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.

Notes to the financial statements (continued)

at 31 December 2021

Going concern (continued)

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. The Company was profitable in 2020 and 2021 and had net current assets and net assets in both years.

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.

3. Critical judgements and accounting estimates

The preparation of the financial statements requires management to make significant judgements and estimates that affect the amounts reported as assets and liabilities and as income and expenditure. The nature of estimation means that actual outcomes could differ. The following judgement and estimates have had the most significant effect on the amounts reported in the financial statements.

Provision for credit notes

The provision for credit notes is based on the accounting policy described below. Management estimates that basing the provision on the credit note issued in the two week period following the balance sheet date is reasonable approximation of the level of credit notes that will be issued. This period is reflective of the usual time taken for customers to return products to the Company. A balance of £2,345,928 is included in accruals and deferred income in Note 16.

Provision for dilapidation costs

The provision for dilapidation costs is based on the accounting policy described below. During the life of a lease, it is difficult to assess what dilapidations costs will actually be incurred on vacating a property. Therefore management consider it prudent to provide for the maximum potential liability, based on experience of previous dilapidation claims settled by the company. A balance of £3,246,048 is included in provisions for liabilities in Note 19.

Provision for inventory

The provision for slow moving and obsolete stock is calculated based on age of the inventory. Different provision percentages are applied based on the age of the inventory. Management have used their judgements based on historical experience as to the appropriate percentages to apply. A provision of £14,719,099 has been deducted from the value of inventory in Note 14.

Notes to the financial statements (continued)

at 31 December 2021

4. Principal accounting policies

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses

Purchased goodwill is capitalised and amortised in equal annual amounts over a period of ten years. The directors regard ten years as a reasonable period for the estimated useful economic life of goodwill.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost of all tangible fixed assets, other than freehold land, over their expected useful lives. The applicable rates of depreciation are as follows:

Freehold buildings	-	2% straight line
Improvements to leasehold property	-	10% straight line
Motor vehicles, fixtures and equipment	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate and also for the impact of rebates received from suppliers of items held in stock.

Debtors and Creditors

Short term debtors and creditors are measured at transaction price, less any impairment.

Provision for credit notes

The credit note provision is based on the credit notes issued in the two week period following the balance sheet date.

Provisions for dilapidations costs

The company provides for potential dilapidations costs arising from exiting a leased property. The maximum potential dilapidations liability is accrued for each individual property on a straight-line basis over the lives of the associated leases.

Foreign currency translation

The Company's functional and presented currency is Sterling

The Company has no material foreign currency transactions

Notes to the financial statements (continued)

at 31 December 2021

4. Principal accounting policies (continued)

Leases

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Government Grants

Revenue grants received during the year are recognised in line with the costs that they relate to and have been disclosed in the Statement of Income and Retained Earnings under other operating income.

Business combinations

Entities hived across to the Company from fellow subsidiary companies have been incorporated in the balance sheet of the Company at the level of the specific assets transferred at their fair value and no goodwill arises on the transfer of these assets. The Company pays for these assets in cash. The revenue and expenses of the trade relating to these assets is recognised in this Company as from the date of the transfer of the assets.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The company contributes to a defined contribution pension scheme. Contributions are recognised as an expense in the period in which they are incurred.

Dividends

Equity dividends are recognised when they become legally payable.

5. Turnover

Turnover represents amounts derived from the provision of goods which fall within the Company's ordinary activities after deduction of trade discounts, customer rebates and value added tax.

Turnover is recognised upon the despatch of goods to customers. Turnover arises wholly within the United Kingdom.

Notes to the financial statements (continued)

at 31 December 2021

6. Other operating income

	2021	2020
	£	£
Government grants receivable	345,186	4,325,593
	<u>345,186</u>	<u>4,325,593</u>

7. Operating Profit

This is stated after charging/ (crediting):

	2021	2020
	£	£
Auditors' remuneration – company audit service	53,283	48,000
Depreciation of tangible fixed assets (owned)	2,553,095	2,000,297
Depreciation of tangible fixed assets (under finance leases)	1,705,699	1,442,753
Loss on disposal of fixed assets	244,510	-
Amortisation of goodwill	186,559	192,499
Operating lease rentals – plant and machinery	1,184,686	1,039,701
– land and buildings	<u>5,843,677</u>	<u>6,368,919</u>

8. Directors and employees

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	61,819,595	55,313,102
Social security costs	5,638,734	4,744,307
Other pension costs	1,370,402	1,167,920
	<u>68,828,731</u>	<u>61,225,329</u>

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pension's provider. Pension payments recognised as an expense during the year amount to £1,370,402 (2020 - £1,167,920). Pension payments due to the pension provider at the 31 December 2021 were £317,826 (2021 £264,151).

Notes to the financial statements (continued)

at 31 December 2021

8. Directors and employees (continued)

The average monthly number of employees during the year was made up as follows:

	No.	No.
Sales and distribution	2,657	2,425
Administration	125	129
	<u>2,782</u>	<u>2,554</u>

Remuneration in respect of directors was as follows:

	2021	2020
	£	£
Salary and taxable benefits	278,732	168,042
Other pension costs	1,268	11,958
	<u>280,000</u>	<u>180,000</u>

Directors remuneration has been borne by another group company.

9. Interest payable and similar charges

	2021	2020
	£	£
Interest payable on finance leases	<u>360,000</u>	<u>391,292</u>

10. Tax

The tax charge is based on the profit for the year and represents:

	2021	2020
	£	£
UK Corporation Tax	6,090,628	5,492,418
Adjustments in respect of previous periods	(217,464)	63,519
Total current tax	5,873,164	5,555,937
Deferred taxation: origination and reversal of timing differences	(193,086)	(108,979)
Deferred taxation: adjustment in respect of previous year	200,747	(41,744)
Deferred taxation: changes in tax rates	(70,979)	(18,959)
Total deferred tax	(63,318)	(169,682)
Total tax	<u>5,809,846</u>	<u>5,386,255</u>

Notes to the financial statements (continued)

at 31 December 2021

10. Tax (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	31,053,369	27,639,237
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	5,900,140	5,251,455
Expenses not deductible for tax purposes	64,471	131,984
Super deduction	(67,068)	-
Difference in tax rates	(70,979)	(18,959)
Prior year adjustments	(16,718)	21,775
Total tax charge	5,809,846	5,386,255

Deferred tax has been calculated at 25%, being the enacted tax rate at the balance sheet.

On 23 September 2022 the Chancellor announced that the planned increase in the corporation tax rate to 25% will not go ahead. Given this change had not been substantially enacted at the balance sheet date deferred tax has not been updated and remains in line with the above.

11. Dividends

	2021 £	2020 £
Dividends paid £4,500 per equity ordinary share (2020 - £3,250)	18,000,000	13,000,000

12. Intangible fixed assets

	<i>Goodwill</i> £
Cost:	
At 1 January 2021	2,122,068
Disposal	(479,700)
At 31 December 2021	1,642,368
Accumulated depreciation:	
At 1 January 2021	643,149
Charge for the year	186,559
Disposal	(479,700)
At 31 December 2021	350,008
Net book value:	
At 31 December 2021	1,292,360
At 1 January 2021	1,478,919

Notes to the financial statements (continued)

at 31 December 2021

13. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Leasehold improvements</i>	<i>Motor vehicles, fixtures and equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2021	116,925	1,753,147	21,970,309	23,840,381
Additions	-	965,515	5,820,192	6,785,707
Disposals	-	(96,622)	(4,206,838)	(4,303,460)
Transferred from fellow subsidiary	-	6,906	229,948	236,854
At 31 December 2021	116,925	2,628,946	23,813,611	26,559,482
Accumulated depreciation:				
At 1 January 2021	24,323	354,412	8,122,763	8,501,498
Charge for the year	2,339	224,637	4,031,818	4,258,794
Disposals	-	(96,622)	(2,947,946)	(3,044,568)
At 31 December 2021	26,662	482,427	9,206,635	9,715,724
Net book value:				
At 31 December 2021	90,263	2,146,519	14,606,976	16,843,758
At 1 January 2021	92,602	1,398,735	13,847,546	15,338,883

Motor vehicles with a carrying value of £5,644,304 (2020 - £6,392,872) are held under finance leases.

14. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	55,913,577	45,489,617

Stock recognised in cost of sales during the year as an expense was £176,876,068 (2020: £180,782,861).

An impairment charge of £203,799 (2020 - £125,930) was recognised in cost of sales against stock during the year due to increase of provision for slow moving and obsolete stock.

15. Debtors

	2021	2020
	£	£
Trade debtors	38,132,644	34,858,196
Amounts due from parent undertaking	-	2,741,616
Deferred tax (note 20)	269,452	233,614
Prepayments and accrued income	20,355,380	21,159,194
	58,757,476	58,992,620

An impairment loss of £nil (2020 - £538,448) was recognised against trade debtors balance. Amounts owing from parent undertaking and fellow subsidiaries are non-interest bearing and payable on demand.

Notes to the financial statements (continued)

at 31 December 2021

16. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	55,804,922	41,027,414
Amount due to parent undertaking	11,041,253	-
Amount due to fellow subsidiary company	10,013,931	17,036,102
Bank loans and overdrafts	-	667,503
Net obligations under finance lease contracts (see note 18)	2,128,540	2,108,545
Corporation tax	5,236,741	5,485,833
Other taxes and social security costs	2,313,792	4,737,218
Accruals and deferred income	6,595,776	9,052,879
	<u>93,134,955</u>	<u>80,115,494</u>

Amounts payable to parent undertaking and fellow subsidiaries are non-interest bearing and payable on demand.

Finance leases are secured on the assets to which they relate.

The company is party to a cross guarantee with fellow UK subsidiaries of its parent company, at 31 December 2021 the net balance due to the UK Group's bankers under this guarantee was £nil (2021: £nil)

17. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Net obligations under finance lease contracts (see note 18)	<u>2,352,536</u>	<u>3,543,933</u>

Notes to the financial statements (continued)

at 31 December 2021

18. Obligations under finance leases

Net obligations under finance leases and hire purchase contracts

	2021	2020
	£	£
Amounts payable:		
Within one year	2,128,540	2,108,545
In two to five years	2,352,536	3,543,933
	<u>4,481,076</u>	<u>5,652,478</u>

Future minimum payments under finance leases and hire purchase contracts are as follows:

	2021	2020
	£	£
Amounts payable:		
Within one year	2,516,058	2,570,357
In two to five years	3,085,534	3,887,876
	<u>5,601,592</u>	<u>6,458,233</u>

19. Provision for liabilities

	2021	2020
	£	£
Provision for dilapidations	3,246,048	3,035,453
	<u>3,246,048</u>	<u>3,035,453</u>

The movement in the provision for dilapidation costs is set out below:

	2021	2020
	£	£
Provision at start of year	3,035,453	2,239,784
Charge to income statement in the year	421,735	795,669
Transfer from fellow subsidiary undertakings	-	-
Utilised in the year	(211,140)	-
Provision at end of year	<u>3,246,048</u>	<u>3,035,453</u>

Notes to the financial statements (continued)

at 31 December 2021

20. Deferred taxation

Deferred taxation provided for at 25% (2020 - 19%) in the financial statements is set out below:

	2021 £	2020 £
Net deferred tax asset at start of year	(233,614)	(169,230)
Charge/(credit) to income statement in the year	(193,086)	(108,979)
Adjustment in respect of prior years	200,747	(41,744)
Changes in tax rate	(70,979)	(18,960)
Movement arising from business acquisition	27,480	105,299
Net deferred tax asset at end of year	<u>(269,452)</u>	<u>(233,614)</u>
Accelerated capital allowances	683,059	494,008
Short term timing differences - trading	(952,511)	(642,465)
Other	-	(85,157)
	<u>(269,452)</u>	<u>(233,614)</u>
Deferred tax (assets)		
Recoverable within 12 months	<u>(952,511)</u>	<u>(726,435)</u>
	<u>(952,511)</u>	<u>(726,435)</u>
Deferred tax liabilities		
Payable within 12 months	<u>683,059</u>	<u>492,821</u>
	<u>683,059</u>	<u>492,821</u>

21. Called up share capital

	2021		2020	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	4,000	<u>4,000</u>	4,000	<u>4,000</u>

22. Profit and loss account

The profit and loss account represents the accumulated profits and losses of the company.

Notes to the financial statements (continued)

at 31 December 2021

23. Leasing commitments

At 31 December 2021 the company had total commitments under non-cancellable operating leases as set out below:

	2021		2020	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Within one year	6,021,850	162,761	5,139,803	251,688
In two to five years	18,361,128	237,144	14,636,873	125,294
Over five years	9,360,417	-	7,014,353	-
	<u>33,743,395</u>	<u>399,905</u>	<u>26,791,029</u>	<u>376,982</u>

24. Post statement of financial position

Since the year end, assets and liabilities of 5 further subsidiary company with a total net asset value of £9.2 million were transferred to this company along with the related trade.

25. Ultimate parent undertaking and controlling party

The company is a 100% subsidiary of Alliance Automotive UK Limited, the immediate parent undertaking.

The company is a majority indirectly owned subsidiary of Genuine Parts Company, a company incorporated in the USA, which heads the largest group preparing financial statements. Copies of the group financial statements of Genuine Parts Company are available from 2999 Wildwood Parkway, Atlanta, GA 30339, USA.

The ultimate parent undertaking is Genuine Parts Company. In the opinion of the directors the company is ultimately controlled by Genuine Parts Company.

Notes to the financial statements (continued)

at 31 December 2021

26. Business combinations

The consideration in respect of all of the following combinations has been paid in cash.

On 26 April 2021, the trade and assets of EBC Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £144,964. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	33,415
Stock	127,914
Debtors	91,030
Cash and Bank	41,697
Creditors and accruals	(149,362)
Consideration	<u>144,964</u>

On 17 May 2021, the trade and assets of Minehead Motor Factors Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £524,171. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	1,939
Stock	126,654
Debtors	69,564
Cash and Bank	408,785
Creditors and accruals	(82,771)
Consideration	<u>524,171</u>

On 19 July 2021, the trade and assets of Westend Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £412,993. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	3,972
Stock	225,168
Debtors	343,995
Cash and bank	204,206
Creditors and accruals	(364,348)
Consideration	<u>412,993</u>

Notes to the financial statements (continued)

at 31 December 2021

25. Business combinations (continued)

On 6 September 2021, the trade and assets of Nyanza Car and Commercial Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £543,528. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	5,478
Stock	255,311
Debtors	88,597
Cash and Bank	519,354
Creditors and accruals	(352,212)
Consideration	<u>543,528</u>

On 18 October 2021, the trade and assets of Yorkshire Exhaust Specialists Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £315,721. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	171,646
Stock	793,413
Debtors	657,749
Cash and Bank	58,616
Creditors and accruals	(1,365,703)
Consideration	<u>315,721</u>

On 29 November 2021, the trade and assets of Cotswold Motaquip Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £137,566. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	1,684
Stock	23,685
Debtors	46,293
Cash and Bank	96,483
Creditors and accruals	(30,579)
Consideration	<u>137,566</u>

Notes to the financial statements (continued)

at 31 December 2021

25. Business combinations (continued)

On 6 December 2021, the trade and assets of C.M.F Canterbury Limited, a fellow subsidiary undertaking, were transferred into the company for a total consideration of £115,737. The assets and liabilities transferred were:

	Book and fair values £
Fixed assets	18,721
Stock	74,066
Debtors	165,732
Cash and Bank	161,920
Creditors and accruals	(304,702)
Consideration	<u>115,737</u>