REGISTERED NUMBER: 01009184

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 March 2021 for Kwik-Fit (GB) Limited

Kwik-Fit (GB) Limited (Registered number: 01009184)

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

Company Information
for the Year Ended 31 March 2021

DIRECTORS:	P Boulton M Slade M Lynott
SECRETARY:	N B Pabani
REGISTERED OFFICE:	ETEL House Avenue One Letchworth Garden City Hertfordshire SG6 2HU
REGISTERED NUMBER:	01009184
AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

Kwik-Fit (GB) Limited (Registered number: 01009184)

Strategic Report
for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITY
The company's principal activities are the operation of automotive repair centres for tyres, exhausts, brakes, suspension, MOT, Servicing and a fleet of mobile tyre fitting vehicles. The company operates from over 600 specialist fitting centres and 190 mobile fitting vehicles in the UK.

REVIEW OF BUSINESS
The directors consider the operations rather than the position of the Company as at balance sheet date in monitoring the strength of the business. Following the emergence in the UK of the COVID-19 pandemic in early 2020 a Group-wide COVID-19 response team was established to ensure that appropriate actions were taken in a timely manner. Throughout, our primary concern has been, and remains, the safety of our employees and customers. Social distancing measures have been implemented across the Group. Our operations, deemed essential services by the UK Government, have remained open during the crisis, although naturally with lower throughput at the worst of the crisis. During this time, close attention has been paid to liquidity, and there has been substantial headroom within the Group's shareholder-provided funding facilities.

The Company received support from the Government Coronavirus Job Retention Scheme plus further grants in respect of properties with a rateable value of less than £51,000 during the crisis (note 1).

With gradual release of lockdown, key performance indicators in the business are showing healthy signs of recovery. The Directors consider that this reflects the inherent resilience of the Company, and they are confident that the Company is well placed to make a strong recovery and continue to provide essential services to its customer base, and help keep the UK moving.

Activity levels did fall sharply, with revenue in April 2020 around 55% of the equivalent period in the prior year, before recovering strongly to levels comparable to the pre-COVID period, with revenue in the year being over 85% of the equivalent period in the prior year. These adverse trading conditions resulted in the Company recording a loss of £7,640,000 for the financial year (2020- profit of £21,669,000). Despite this, the Balance Sheet remains strong, with Shareholders' Funds of £51,284,000 as at 31 March 2021 (31 March 2020: £58,924,000), and net current assets of £22,609,000 (31 March 2020: £17,036,000).

The company continues to invest in its retail centres and developing retail offerings, incurring £5,628,000 in capital expenditure during the year. The decrease in operating profit for the year is impacted by the sharp fall in activity levels.

The company continued to invest in staff training and human resources development to strengthen customer service and to support new products and services.

The company's strategy will remain unchanged in the coming year; to develop its business through providing market leading products, facilities and customer service.

KEY PERFORMANCE INDICATORS
The business uses various financial and operational KPIs at a centre level to monitor the performance of individual areas of the business. The operational KPIs include centre tyre sales volumes (decreased by 20.0% in the year), gross profit (decreased by 31.0% in the year) and operating profit (decreased by 75.0% in the year), the number of customer contacts versus complaints upheld, seeing a reduction of 33.1% in the year compared to prior year, employee turnover rates, which are down 12.3% in the current year. The directors consider the key company level KPI's used to monitor performance to be:
Turnover: Current year - £440,032,000 (2020 - £497,173,000).
Gross profit: Current year - £87,128,000 (2020 - £126,890,000).
Operating profit: Current year - £7,578,000 (2020 - £33,725,000).

The declines noted above reflect the impact of the varying levels of lockdown experienced during the year. These restrictions reduced passenger car traffic on the UK's roads, resulting in less wear and tear on customer vehicles, and thus lowering the throughput in the Company's centres. The number of automotive repair centres as at the 31 March 2021 was 609 (2020 - 609).

The key influences on the company's KPIs relate to a more compelling online offer, enhancement in the customers journey, strong availability and investment in technology and training of staff.

CURRENT TRADING AND COVID-19 UPDATE

A Group-wide COVID-19 response team was established to ensure that appropriate actions were taken in a timely manner. Throughout this period, our primary concern has been, and remains, the safety of our employees and customers. Social distancing measures have been implemented across the Group. Our operations, deemed essential services by the UK Government, have remained open during the crisis, although naturally with lower throughput. During this time, close attention has been paid to liquidity, and there has been substantial headroom within the Group's shareholder-provided funding facilities.

The situation continues to evolve. With the gradual release of the UK's lockdowns, key performance indicators in the business have shown healthy signs of recovery, despite the severe effect on the wider economy. Subsequent to the initial lockdowns, the Group has experienced supply chain disruption, together with pressure on warehouse and logistics costs in particular. These inflationary trends will continue to require careful management. Despite the ongoing challenges from the pandemic, not least the emerging response to the new Omicron variant, the Directors consider that the Company is well placed to consolidate a strong recovery and continue to provide essential services to its customer base, and help keep the UK moving.

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interest of stakeholders and other matters in their decision making and their duty to promote the success of the company. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

Section 172 requires the directors to have regard, amongst other matters, to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the company

The directors consider that the key stakeholders of the Company are its customers, employees, suppliers, communities, shareholders and the Government.

Key decisions made by the Board in the year

The overriding focus for the Board during the financial year has been the impact of the Covid-19 pandemic, to ensure that the right decisions have been made in the long term interests of all of the stakeholders, in particular:

- Customers and employees:
  The decision was taken to keep our operations open and operating throughout the pandemic, in order to keep the UK moving. Extensive protective measures were taken to ensure our working practices were as Covid-safe as possible. This was underpinned by clear, detailed communication, both internal and external
- Shareholders:
  The Board kept the shareholders updated as to the emerging situation, and consulted them frequently throughout.
- Government:
  The Board took the decision to make use of the Government's support schemes, including the CJRS, and to pay all furloughed staff 100% of their salaries. To ensure that the Company made appropriate use of this scheme, suitable professional advice was obtained.

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 March 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the company has applied the Wates Corporate Governance Principles for Large Companies (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website.

Good corporate governance is fundamental to the company success and we have in place a strong and effective governance framework and practices to ensure that high standards of governance, values and behaviours are consistently applied throughout the company. We have adopted the disclosure in our 2021 Report and Accounts and set out below is how we have applied the Principles over the past year throughout our work.

Purpose and Leadership;
Our vision is to make a positive contribution to meeting society's transports needs as the leading UK independent fast fit operation. We aim to create sustainable value for our stakeholders through a focused programme that is balanced as to risk and reward.

Our values of excellence in Health and Safety, accountability, integrity and teamwork are a core component of our business and help to guide all our actions. These values form a key component of our drivers for success and provide a strong platform from which to ensure all of our activities are geared towards sustainable value. We are committed to achieving best-in-class standards, maintaining safe and reliable operations.

Board Composition;
The composition of the Board and changes during the year is as set out in the Report of the Directors. The Board believes it has an appropriate balance in regards to the size and nature of the business. Although there are no independent directors on the Board, the Directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders (including employees) in their decision-making processes. Having led and held senior executive positions in other leading organisations, the Directors bring many years of experience to the company.

Board Responsibilities;
The Board is committed to ensuring that it provides leadership to the company as a whole, having regard to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the company's strategy, values and standards. The Board is responsible for the effective leadership, operation and governance of the company. Directors contribute effectively in the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy are determined and challenged.

The Directors, together, act in the best interests of the Company devoting sufficient time and consideration as necessary to fulfil their duties. Each Director brings different skills, experience and knowledge to the Company.

Opportunity and risk;
Through regular engagement with the wider leadership team, the Directors continuously evaluate new and emerging opportunities, such as new products and strategic partnerships, to maximise value whilst mitigating the accompanying risks.

Remuneration;
The Directors develop, maintain and implement remuneration policies. The overriding objective of such policies is to attract and retain high-calibre individuals with a competitive reward package based on the achievement of corporate performance targets. These are linked to individual performance and accountability, and supports the company's commitment to high values while rewarding long-term value creation. The Directors ensure that levels of compensation across the company are sufficiently competitive to retain talent.

Stakeholders;
The Board is committed to effective communications with its shareholders and engagement with stakeholders is discussed this within the stakeholder disclosure of Section of S172 (1) statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks, principally liquidity, and credit risk. In particular, the company is a contributor to the servicing of debt held by European Tyre Enterprise Limited, an intermediate parent company of the company.

The company manages business and supply chain risks to minimise the impact on the continuity of its business. It is particularly important for the Company to be able to maintain high levels of service quality and to recruit and retain a highly skilled workforce. To this end, the Company invests heavily in staff training and development, operates an established quality control system, and incorporates appropriate KPIs into staff remuneration.

TECHNOLOGICAL RISK

As the uptake of new economic models and new technological platforms increases such as vehicle sharing, connected, autonomous, electric vehicles accelerate it is likely that the demand for the company products will change and if the company does not stay abreast of these development this presents a threat to future profitability. To counteract this the directors continue to review the range of products and services offered to ensure the company stay relevant.

CLIMATE RISK

Additionally, addressing climate change by means of reducing the emissions of greenhouse gases is a rising priority of the Company. We are encouraging the use of electric vehicles where practical, and are exploring the wider use of such vehicles are part of our drive to reduce the Company's environmental impact. The UK's move towards a net zero economy presents both risks and opportunities for the Company, with the forthcoming ban on new petrol and diesel cars from 2030 likely to accelerate the adoption of fully electric vehicles. The Company continues is investing in training staff to be able to work on hybrid and electric vehicles, and to assess the stockholding requirements that a shift to electric vehicles will bring.

INTEREST RATE RISK

The company's operations expose it to interest rate risk. The company has both interest-bearing assets and interest-bearing liabilities that are mainly intercompany. Financial risk management is carried out by the ETEL Group finance function under guidance from the board of directors. Group finance identifies and evaluates financial risks in close co-operation with the management teams of the operating companies within the group. These risks are highlighted to the board of directors and actions taken to seek to minimise the potential adverse effects on the company's financial performance.

CREDIT RISK

The company has implemented policies that require appropriate credit checks on potential customers before credit sales are made.

BREXIT

The transition period following the UK's departure from the EU ended on 31 December 2020. The limited trade deal between the parties came into effect on 1st January. Stock availability has been strong throughout, despite surges and drops in demand. Inbound schedules were severely impacted in the year by Coronavirus, and so this has proven to be a challenge alongside the importing of goods where shipments have been disrupted regularly, which coupled with the port congestion in the UK, and massive inflation in container pricing, has made for a difficult period. Disaggregating disruption to our inbound availability due to Brexit from these overlapping factors is difficult. However the Group and therefore the company was as well-prepared as could practically be managed. With the new status of Northern Ireland with respect to the EU customs union and its place in the UK, substantial new paperwork is now required to send goods to our customers in the province. Software solutions to make the process substantially less error-prone and more efficient are being investigated. As of 30 June 2021, EU nationals who had not obtained or applied for UK Settled Status (or Pre-Settled Status) were unable to work in the UK legally. We launched a further outreach programme to raise awareness of this deadline with EU nationals in our workforce.

EMPLOYEES
The company's employees are fully informed on all company matters through regular meetings and through news magazines.

Kwik-Fit's dedicated training academies provide the Kwik-Fit Apprenticeship scheme and enable the company's employees to maintain and improve their technical skills and to comply with regulatory requirements. Kwik-Fit continues to offer around 200 new Apprenticeships each year.

The company received Ofsted's highest possible ranking for its apprenticeship scheme in May 2015, the company has maintained its grade; 1 - Outstanding and is not likely to be re-inspected providing performance continues at the current level.

The company is acting as Lead Employer in a new Apprentice Standard Trailblazer Group, which includes a broad range of employers representing the Tyre & Auto-care sector. The purpose of the group is to develop new Apprentice Standards for the sector, which include the skills, knowledge and behaviours required to be competent in the occupation. In addition the Kwik-Fit GB Training Academy has been successful in its' application to be placed on the Register of Approved Training Providers (RoATP) and can provide Apprentice Training to group companies as an Employer Provider.

EMPLOYMENT OF DISABLED PERSONS
It is the policy of the company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their employment will be retained in employment wherever possible and will be given help with any necessary retraining.

REGULATORY MATTERS
The company continuously monitors changes in legislation and the regulatory framework to ensure that its operations are amended as appropriate. Close links are maintained with bodies which influence policy through liaison with the appropriate government departments and trade organisations to ensure that the company has an opportunity to comment at an early stage of proposed regulatory changes.

APPROVED ON BEHALF OF THE BOARD:

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M Lynott - Director

Date: 16/12/21

The directors present their report with the audited financial statements of the company for the year to 31 March 2021.

GOING CONCERN

The Directors have adopted the going concern basis in preparing these financial statements.

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

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

As at 31 March 2021, The Group had access to a loan expiring on 30 September 2022 of £400m, in addition to the short term funding facility of £230m, currently due to expire, unless both parties agree to extend, on 31 March 2022.
On 28 September 2021, the Group's funding arrangements were amended to consist of a new three year loan expiring on 30 September 2024 of £400m, a further £100m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2022, in addition to a short term funding facility of £130m which is currently due to expire, unless both parties agree to extend, on 31 March 2022. All of the above facilities were provided by Itochu Corporation, the group's ultimate parent.

The Directors consider that the key variables which will affect the Company in the immediate future are the extent to which new variants of COVID-19 emerge, and the extent and nature of the response to such an outbreak. For example, the emerging Omicron variant may result in a further tightening of rules, or the latest measures may be deemed sufficient to address the latest threat.
Using the Group's experience of the pandemic since early 2020, the Directors have constructed a severe but plausible scenario, in order to better understand the vulnerability of the business to further severe events. In this scenario, sales and margins have been modelled at the level seen in 2020-21, and overheads based on 2019-20, being the last full "normal" year.

All centres and warehouses in the wider Group are assumed to function throughout. No cost reduction initiatives (beyond a reduction in overtime and bonuses) have been assumed, nor is any government support factored in. In this scenario, sufficient headroom remains within the available facilities.

Furthermore, this forecast is based solely on the £500m of committed loans made available by the ultimate parent, and excludes the short term funding facility noted above of £130m. As noted above the £100m committed funding needs to be drawn down prior to 31 March 2022 at the option of the Directors. The Directors will make their assessment as to whether amounts up to £100m will be drawn down prior to that date based on their assessment of current and expected trading of the Group and review of trading and cash forecasts and sensitivities through an appropriate period, taking into account other considerations including the availability of renewals of existing facilities that expire on 31 March 2022. Any amounts drawn down under the £100m facility will have the same expiry as the main loan.

Despite the uncertain economic environment and the potential impact of future COVID-19 outbreaks, the Directors have a reasonable expectation that the Group has adequate resources through facilities provided by its ultimate parent, to continue in operational existence for the foreseeable future.
The Directors therefore believes that while these uncertainties exist, this does not pose a material uncertainty that would cast doubt on the Company ability to continue as a going concern.

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

POST BALANCE SHEET EVENT

On 1 June 2021, ITOCHU Treasury Europe PLC, MUFG Bank, Ltd. and the Company terminated existing contracts related to cash pooling and concluded renewed contracts that meet the requirements about offsetting financial assets and liabilities under IAS 32. Due to this change, the Company will revert to offset cash and cash equivalent against the borrowings under cash pooling in 2022.

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

DIVIDENDS

During the year ended 31 March 2021 no dividends were received (2020: £1,908,000) and no dividends were paid during the year (2020: £100,000,000).

IDENTIFICATION OF THE INFORMATION INCLUDED IN THE STRATEGIC REPORT

Please refer to the Strategic Report for the following information:

- likely future development in the business of the company;
- policy regarding the employment of disabled persons;
- description of employee involvement process;
- financial risk management objectives and policies within principal risks and uncertainties;
- information regarding the Company's engagement with employees, suppliers, customers and others; and
- corporate Governance Statement in accordance with the Wates Principles.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

P Boulton
M Slade
M Lynott

QUALIFYING THIRD PARTY INDEMNITY

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether applicable United Kingdom Accounting Standards, including FRS 101 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website.

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

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

Streamlined Energy & Carbon Reporting (SECR)
We know that our work has an impact on the environment and that we have a duty to manage that impact in a responsible and ethical manner.
We do this through identifying all significant environmental impacts and putting processes into place to prevent, reduce and mitigate them to meet our commitment of protecting the environment, we aim to:
- comply with all relevant environmental legislation;
- operate our business in a way that protects the environment; promote environmental awareness to colleagues and enlist their support in improving the Company's performance with training and instruction;
- minimise waste by making sure processes are as efficient as possible; look to reduce energy and water usage;
- promote recycling internally and with our suppliers and customers; minimise the environmental impact of our logistics activities; and
- continually develop our environmental management system.

Reducing the size of our carbon footprint remains a priority. A roll-out of energy-saving LED lighting across our estate is now contributing positively to our ongoing aspirations in this area.

We have followed the 2019 UK Government environmental reporting guidance. The data used is adequate to support the disclosures below and sourced from primary data points such as gas and electricity meters.

Our base year is April 2019 - March 2020 in line with our financial year.

The figures relate to the required elements of scope 1 (direct energy) for gas, fuel for company cars & vans, scope 2 (energy indirect) for electricity & 3 (other indirect) for business travel in personal cars and rental cars.

We have used UK Government GHG Conversion Factors for Company Reporting.

The company replaces over three and a half million tyres a year and it ensures that none of these tyres are sent for landfill seeking alternative uses to ensure a lasting benefit for the environment.
The company operates a reverse logistics system where used tyres are returned from centres in the same vehicles used to deliver new tyres.

The company continuously strives to increase the volume of scrap parts returned to suppliers for recycling. This is from Catalytic convertors, Batteries and other items of scrap metal. The Catalytic convertors are crushed and eventually the precious metals within them are extracted and reused. Batteries are recycled to predominantly recover the lead content for reuse.

In addition to these logistics activities, there is an ongoing focus to reduce environmental impact throughout the business. All retail outlets are continuously reviewed from the perspective of energy usage.

The main source of energy within retail outlets is electricity which runs equipment, heating and lighting.

Electricity usage is being monitored over the next twelve months using live data from Smart meters installed in each retail outlet. Any excessive use of electricity during non -trading hours will be flagged to Head Office and Operations with reason for usage and aim to reduce.

Energy efficient lighting and heating is being installed in a sample of centres to monitor reduction in usage compared to the current lighting and heating. The company will look to install this in all retail outlets dependent on results of the sample showing reduction in usage.

The UK Government has indicated that it intends to ban the sale of all petrol and diesel engine vehicles by 2030-including hybrids. This is likely to accelerate the adoption of fully electric vehicles.

In addition, employees have recently opted for electric/ hybrid vehicles, encourage by the tax benefits that arise from it. This should lead to less fuel consumption in the near future.

The data used in these calculated is extracted directly from utility billing information and fuel card downloads, and is also the basis of the Company's energy efficiency initiatives. For example, energy usage data from properties used by the Company are analysed to understand the nature of variations within the portfolio, in order to understand how to bring outliers into line with the best-performing locations. Similar logic is applied to vehicles.

	31.03.21		31.03.20	
Energy Source	**kWh**	**tCo2e**	**kWh**	**tCo2e**
Directly Purchased Electricity	23,766,650	5,541.0	24,230,634	6,169.3
Combustion of Gas	1,194,977	219.7	1,414,028	260.0
Fuel - Commercial Vehicles	6,544,342	2,204.7	7,210,565	2,184.2
Fuel - Other Vehicles	2,757,985	787.2	3,582,126	1,105.8
Total	34,263,954	8,752.6	36,437,353	9,719.3
Company's Chosen Intensity Measurement:				
tCO2E per £1m Group Revenue		9.51		9.67

AUDITORS

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

APPROVED ON BEHALF OF THE BOARD:

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M Lynott - Director

Date: 16/12/21

Report of the Independent Auditors to the Members of
Kwik-Fit (GB) Limited

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

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

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

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

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 the Report of the Directors.

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 and Report of the Directors.

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

- Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including in relation to management override of controls, revenue recognition, supplier rebates, customer rebates and investments. These procedures included testing manual journals, review of supplier and customer rebates agreement to identify any side or unusual terms and key areas of estimation uncertainty or judgement.

- We understood how the Company is complying with the respective legal and regulatory frameworks, including compliance with the Furlough regulations where the Company has claimed for Coronavirus Job Retention Scheme (CJRS) grant for the year. We have done this by making enquiries with the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, legal advisor confirmation letter responses and reviewing the related document supporting the furlough claimed.

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

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

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

Use of our report

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

DocuSigned by:
Sophie Michael
CD4490ED1C4942A...

Sophia Michael (Senior Statutory Auditor)
for and on behalf of BDO LLP
55 Baker Street
London
W1U 7EU

Date: ......16 December 2021 ....

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

Statement of Comprehensive Income
for the Year Ended 31 March 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	2	**440,032**	497,173
Cost of sales		**(352,904)**	(370,283)
GROSS PROFIT		**87,128**	126,890
Administrative expenses		**(86,962)**	(95,335)
		166	31,555
Other operating income	1,8	**7,412**	2,170
OPERATING PROFIT		**7,578**	33,725
Income from shares in group undertakings	4	**-**	1,908
Interest receivable and similar income	5	**45**	691
		7,623	36,324
Amounts written off investments	6	**(2,100)**	(194)
		5,523	36,130
Interest payable and similar expenses	7	**(9,127)**	(9,073)
(LOSS)/PROFIT BEFORE TAXATION	8	**(3,604)**	27,057
Tax on (loss)/profit	9	**(4,036)**	(5,388)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(7,640)**	21,669
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(7,640)**	21,669

The notes on pages 19 to 45 form part of these financial statements

Kwik-Fit (GB) Limited (Registered number: 01009184)

Statement of Financial Position
31 March 2021

	Notes	2021 £'000	Restated 2020 £'000
FIXED ASSETS			
Owned			
Intangible assets	11	**-**	-
Tangible assets	12	**57,614**	67,999
Right-of-use			
Tangible assets	12	**294,197**	300,927
Investments	13	**752**	2,852
		352,563	371,778
CURRENT ASSETS			
Stocks	14	**23,020**	28,748
Debtors: amounts falling due within one year	15	**101,373**	104,126
Debtors: amounts falling due after more than one year	15	**4,910**	5,186
Cash at bank		**45,982**	8,445
		175,285	146,505
CREDITORS			
Amounts falling due within one year	16	**(152,676)**	(129,469)
NET CURRENT ASSETS		**22,609**	17,036
TOTAL ASSETS LESS CURRENT LIABILITIES		**375,172**	388,814
CREDITORS			
Amounts falling due after more than one year	17	**(306,296)**	(313,202)
PROVISIONS FOR LIABILITIES	20	**(17,592)**	(16,688)
NET ASSETS		**51,284**	58,924
CAPITAL AND RESERVES			
Called up share capital	21	**110**	110
Retained earnings	22	**51,174**	58,814
SHAREHOLDERS' FUNDS		**51,284**	58,924

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on ......16/12/21.................... and were signed on its behalf by:

....

M Lynott - Director

The notes on pages 19 to 45 form part of these financial statements

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

	Called up share capital £'000	Retained earnings £'000	Share premium account £'000	Total equity £'000
Balance at 1 April 2019	110	111,667	57,524	169,301
Changes in equity				
IFRS16 transition adjustment	-	(32,046)	-	(32,046)
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	21,669	-	21,669
Reduction in share premuim	-	57,524	(57,524)	-
Balance at 31 March 2020	110	58,814	-	58,924
Changes in equity				
Total comprehensive loss	-	(7,640)	-	(7,640)
Balance at 31 March 2021	110	51,174	-	51,284

The notes on pages 19 to 45 form part of these financial statements

1. **ACCOUNTING POLICIES**

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

Basis of preparation
The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Restatement
The Company's bank overdrafts and certain cash balances are subject to cash pooling arrangements where both the Company and the bank have rights to offset credit balances within the cash pool against overdrafts within the cash pool. The Company has previously disclosed net position within intercompany balances. In accordance with IAS 32: 'Financial Instruments: Presentation', cash balances are presented gross within cash and cash equivalents and bank overdrafts are presented gross within current loans and other borrowings. Within this year, it was determined that the company's cash and overdraft balances within notional cash pooling arrangements did not meet the requirement for offsetting in accordance with IAS 32 Financial Instruments: Presentation. This resulted in the incorrect presentation of the notional cash pooling arrangements on the balance sheet. Therefore, there has been a restatement of the year ended 31 March 2020. The impact of this change is to increase cash by £6.5million (2019: £77.3million) and decrease intercompany debtor by £6.5 million (2019: £77.3million) for the year ended 31 March 2020. This has had no impact on net assets or net profit.

Going concern
The Directors have adopted the going concern basis in preparing these financial statements.
This is on the basis that the Directors have a reasonable expectation that the business will continue in operational existence for at least a period 12 months from the date of the signing of these financial statements.
This conclusion has been reached after considering the performance of the Company during the COVID-19 outbreak, its recovery after each of the lockdowns, and its modelled trading under a number of scenarios for the 18 months from the date of signing of these financial statements, together with a loan made available to European Tyre Enterprise Limited and its subsidiaries ("the Group") by the ultimate parent, Itochu Corporation. In carrying out this exercise, the Directors have considered the potential impact of inflationary pressures on the cost base, such as fuel price rises, increases in National Minimum Wage and Employers' National Insurance Contributions.
As at 31 March 2021, The Group had access to a loan expiring on 30 September 2022 of £400m, in addition to the short term funding facility of £230m, currently due to expire, unless both parties agree to extend, on 31 March 2022.
On 28 September 2021, the Group's funding arrangements were amended to consist of a new three year loan expiring on 30 September 2024 of £400m, a further £100m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2022, in addition to a short term funding facility of £130m which is currently due to expire, unless both parties agree to extend, on 31 March 2022. All of the above facilities were provided by Itochu Corporation, the group's ultimate parent.
The Directors consider that the key variables which will affect the Company in the immediate future are the extent to which new variants of COVID-19 emerge, and the extent and nature of the response to such an outbreak. For example, the emerging Omicron variant may result in a further tightening of rules, or the latest measures may be deemed sufficient to address the latest threat.
Using the Group's experience of the pandemic since early 2020, the Directors have constructed a severe but plausible scenario, in order to better understand the vulnerability of the business to further severe events. In this scenario, sales and margins have been modelled at the level seen in 2020-21, and overheads based on 2019-20, being the last full "normal" year.
All centres and warehouses in the wider Group are assumed to function throughout. No cost reduction initiatives (beyond a reduction in overtime and bonuses) have been assumed, nor is any government support factored in. In this scenario, sufficient headroom remains within the available facilities.

continued...

1. **ACCOUNTING POLICIES** – continued

Furthermore, this forecast is based solely on the £500m of committed loans made available by the ultimate parent, and excludes the short term funding facility noted above of £130m. As noted above the £100m committed funding needs to be drawn down prior to 31 March 2022 at the option of the Directors. The Directors will make their assessment as to whether amounts up to £100m will be drawn down prior to that date based on their assessment of current and expected trading of the Group and review of trading and cash forecasts and sensitivities through an appropriate period, taking into account other considerations including the availability of renewals of existing facilities that expire on 31 March 2022. Any amounts drawn down under the £100m facility will have the same expiry as the main loan.
Despite the uncertain economic environment and the potential impact of future COVID-19 outbreaks, the Directors have a reasonable expectation that the Group has adequate resources through facilities provided by its ultimate parent, to continue in operational existence for the foreseeable future.
The Directors therefore believes that while these uncertainties exist, this does not pose a material uncertainty that would cast doubt on the Company ability to continue as a going concern.

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

Financial reporting standard 101 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions under FRS 101:
- a Statement of Cash Flows;
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead);
- additional comparative information for narrative disclosures and information, beyond IFRS requirements;
- disclosures in relation to the objectives, policies and process for managing capital;
- disclosure of the effect of future accounting standards not yet adopted;
- the remuneration of key management personnel;
- related party transactions with wholly owned members of the group;
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations;
- financial instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures; and
- fair value measurements - details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Where relevant, equivalent disclosures can be found in the consolidated financial statements of Itochu Corporation as at 31 March 2021 and these financial statements may be obtained from their company's website which is www.Itochu.co.jp.

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

Dividends receivable
Dividend income is recognised when the right to receive the dividend payment is established.

Dividends payable
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

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

continued...

1. **ACCOUNTING POLICIES** - continued

Foreign currency translation
The financial statements are presented in pounds sterling, which is the currency of the economic environment in which the Company operates (its functional currency). Amounts have been presented in round thousands ("£'000s").
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Changes in Accounting Policies
New standards, interpretations and amendments effective from 1 January 2020.
There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. None of these had a material impact on the company.

Critical accounting estimate and judgements, including uncertainty over income tax treatments
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Recoverability of receivables (see note 15)
In assessing the recoverability of receivables, factors such as rate and extent of repayments including any payment plans in place are considered. - IFRS 9 forms the base for the group in assessing an expected loss to include forward-looking. The company applies the simplified approach that expected credit losses on trade receivables are calculated using a provision matrix. The receivables have no significant financing component.

The company's provision matrix is supplemented by a series of qualitative assessments and probabilities of default measurement as summarised below:
- 60-89 days overdue 75% provision
- 90 days + overdue 100% provision
- Debtors sent to 3rd party collection 100% provision

When considering intercompany balances the liquidity of the company is considered and enquiries of the company's directors are made in assessing recoverability.
In terms of other receivables which mainly relate to rebates receivable from suppliers these are individually reviewed to understand any expected credit loss, to determine the appropriate level of provision.

Rebates receivables
Rebates are calculated based on the contract terms agreed with the supplier, and is typically based on purchase volumes. These rebates are earned once the various performance obligations (i.e. achieving the targeted volumes) have been met by the Company and therefore recognised as "Debtors" in the Statement of financial position.

Rebates earned are then recognised to the Statement of Comprehensive Income within the cost of sales when the stock to which the rebates were earned are sold in the period. Where the stock remains unsold those rebates are retained as Debtors and deducted from the cost of stock in the statement of financial position.

Tangible fixed assets (see note 12)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of tangible fixed assets (see note 12)
When determining whether there are indicators of impairment of the company's tangible assets, factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

continued...

1. **ACCOUNTING POLICIES** – continued

Incremental Borrowing Rate (IBR) used to measure lease liabilities

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

Dilapidation

Provision, discounted at the risk-free rate to net present value, is made for dilapidation costs for leasehold properties which are expected to crystallise in most cases at the end of the period of occupancy, based on regular individual assessments of the properties. The provisions for each property were based on detailed judgements specific to the size of the properties and historical information. During the year the directors performed an assessment on the companies dilapidation requirements which resulted with £2,054,305 being charged to the accounts, resulting in the decrease seen in gross profit compared to the prior year. Property costs, being directly attributable to operations, are included in cost of sales.

Uncertain tax treatment

The Company is subject to significant judgement in determining the provision for corporate taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. The Company is carrying uncertain tax positions as at 31 March 2021, most significantly a balance in respect of Corporation Tax which HMRC considers to be due following a group reorganization which took place in 2013. This matter was considered at a hearing of the First Tier Tribunal during June and July 2021. At the Tribunal, the Company, and several of its fellow group companies, was unsuccessful in most regards. The decision is subject to an appeal, however a provision has been recognized as at 31 March 2021, the valuation of which is based on management's estimates of the eventual outcome of this case. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Revenue

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised under the five core principles of IFRS 15 and at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company:

1. identifies the contract with a customer;
2. identifies the performance obligations in the contract;
3. determines the transaction price which takes into account estimates of variable consideration and the time value of money;
4. allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
5. recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

continued...

1. **ACCOUNTING POLICIES** – continued

As such, revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery and revenue from a fleet services contract to provide services are recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Rebates payable
A large number of the Company's corporate customers enjoy rebates; the value of rebates earned is calculated and as reported as a reduction of revenue. The calculation is based on the contract terms agreed with the customer, and is typically based on purchase volumes.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income
Income received is recognised as detailed in note 26.

Investment
Investments in subsidiaries are carried at cost less any provision for impairment.

Tangible fixed assets
Freehold buildings, leasehold property improvements and plant and equipment are stated at cost to the company less accumulated depreciation and less provision for any impairment.
Depreciation is provided at rates calculated to write-off the assets over their estimated useful economic lives using the straight-line method, as follows:

Leasehold - the shorter of the economic life and the remaining term of the lease
Plant and machinery - 10% to 25% straight line
Fixtures and fittings - 10% to 25% straight line
Computer equipment - 25% straight line
Motor vehicles - between 20% and 50% straight line

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

Stock
Stock is stated at the lower of cost or net realisable value. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete or slow moving items where appropriate.
At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss 2021 - nil (2020 - nil).

Employee benefit costs
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits and losses represents the contributions payable to the scheme in respect of the accounting period.

Cost of sales
Cost of sales comprises of all costs directly attributable to operations including distribution and property cost for the comparative period.

continued...

1. **ACCOUNTING POLICIES** - continued

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

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.
The company has applied the simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, trade receivables have been grouped based on days overdue.
Other receivables are recognised at amortised cost, less any allowance for ECL.

Impairment of financial assets
The company recognises a loss allowance for ECL on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.
Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month ECL allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime ECL. The amount of ECL recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Impairment of non-financial assets (excluding stocks and deferred tax assets)
Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, or annually for goodwill. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.
Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). In this context, individual centres are treated as CGUs, and assessed accordingly.
Impairment charges are included in statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised (except for goodwill) is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Any impairment of goodwill is not reversed.

continued...

1. **ACCOUNTING POLICIES** - continued

Taxation

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

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

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

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

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

Uncertain tax
When there is uncertainty concerning the Company's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Company:

- Considers whether uncertain tax treatments should be considered separately, or together as a wider Group, based on which approach provides better predictions of the resolution;

- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and

- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

continued...

1. **ACCOUNTING POLICIES** - continued

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

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

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

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

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

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

- the Company has the right to direct the use of the asset.

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

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

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

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

As a Lessee

All leases are accounted for by recognising a right of use asset and a lease liability except for:
- leases of low value assets; and
- leases with a term of 12 months or less.

continued...

1. **ACCOUNTING POLICIES** - continued

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

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

The lease liability is initially measured at the present value of the contractual lease payments due to the lessor over the lease term, that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company calculates an incremental borrowing rate for the lease.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

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

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and

continued...

1. **ACCOUNTING POLICIES** – continued

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

Break clauses

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:
- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Company.

At commencement date the Company considers all relevant factors and circumstances that create economic incentives for the Company to exercise, or not to exercise, the option, including expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Short-term leases and leases of low-value assets

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

continued...

1. **ACCOUNTING POLICIES** - continued

Government grants and government assistance
Government grants are recognised in the financial statements when there is reasonable assurance that the company will comply with the conditions attached to the grant and that the grant will be received. The grant is recognised on a systematic basis, over the periods in which the company recognises as expenses the related costs for which the grant is intended to compensate.

Government grants are reported in the statement of comprehensive income as other income in the same period as the related expenditure.

During the period the company benefited from £4,288,493 of government grants in the form of the Coronavirus Job Retention Scheme, plus further grants in respect of properties with a rateable value of less than £51,000 amounting to £765,000 (see note 8).

The company also received government assistance in regards to the One-Year Business Rate Suspension amounting to £11,980,000.

2. **TURNOVER**

The company has one trading activity from which it derives its turnover and profits. It operates solely within the United Kingdom.

3. **EMPLOYEES AND DIRECTORS**

	31.3.21	31.3.20
	£'000	£'000
Wages and salaries	112,279	118,260
Social security costs	10,119	11,213
Other pension costs	2,350	2,538
	124,748	132,011

The average monthly number of employees during the current period and previous period was as follows:

	31.3.21	31.3.20
Sales and distribution	5,030	5,002

continued...

3. **EMPLOYEES AND DIRECTORS** – continued

	31.3.21	31.3.20
	£'000	£'000
Directors' emoluments	**254**	219
Company contributions to money purchase pension schemes	**41**	32
Directors' Benefit in kind	**23**	23

Information regarding the highest paid director is as follows:

	31.3.21	31.3.20
	£'000	£'000
Directors' emoluments	**254**	219
Company contributions to money purchase pension schemes	**41**	32
Directors' Benefit in kind	**23**	23
	318	274

One director is accruing benefits under money purchase pension schemes (2020 - 1 director).

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

4. **INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2021	2020
	£'000	£'000
Dividends received	**-**	1,908

On 20 February 2020, the Company received from its subsidiary Kwik-Fit Developments Limited (KFD):

- A final dividend in the amount of £1,896,000 to be immediately applied to set-off in full, a debt in the same amount, due and owing to KFD by the Company.
- A final dividend in specie of an intra-group trade receivable in the amount of £12,436 owed by Anglo-Dutch Property (UK) Holding Limited.

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2021	2020
	£'000	£'000
Interest receivable - inter-company	**45**	691

6. **AMOUNTS WRITTEN OFF INVESTMENTS**

	31.3.21	31.3.20
	£'000	£'000
Impairment of investment (Note 13)	**2,100**	194

continued...

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Interest payable on amounts due to group undertakings for intercompany leases on Right of Use Leases	**3,112**	2,754
Unwinding of discount	**724**	710
Interest on lease liabilities	**4,944**	5,609
Interest payable on uncertain tax	**347**	-
	9,127	9,073

8. (LOSS)/PROFIT BEFORE TAXATION

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

	2021 £'000	2020 £'000
Cost of inventories recognised as expense	**268,751**	258,052
Depreciation - owned assets	**14,001**	15,511
Depreciation - right of use assets	**27,141**	26,961
Dilapidations provision	**2,055**	-
Provision for intercompany	**1,063**	-
Right of use disposal – gain	**(320)**	-
Variable lease payments not included in the measurement of lease liabilities	**4,875**	3,955
Coronavirus Job Retention Scheme	**(4,288)**	-
Rateable value grant	**(765)**	-
Income from sub-leasing right-of-use assets	**(1,010)**	(446)
Expenses relating to short -term leases & low-value assets	**320**	512
Loss/gain on disposal of fixed assets	**2,277**	(170)
Credit in respect of fixed assets (note 12)	**(1,783)**	-
Right of use impairment	**1,522**	123
Impairment on investment (note 13)	**2,100**	194
Penalties on uncertain tax	**508**	-

During the current and prior year, the auditors' remuneration for the Company was paid by a fellow group undertaking amounting to £216,000 (2020: £233,000).

9. TAXATION

Analysis of tax expense

	2021 £'000	2020 £'000
Current tax:		
Corporation taxation payable	**801**	5,616
Adjustment in respect of prior period	**-**	(147)
Adjustment in respect of uncertain tax	**3,055**	-
Total current tax	**3,856**	5,469
Deferred tax:		
Deferred tax current year	**180**	(213)
Adjustment in respect of prior period	**-**	132
Total deferred tax	**180**	(81)
Total tax expense in statement of comprehensive income	**4,036**	5,388

continued...

9. **TAXATION** - continued

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
(Loss)/profit before income tax	**(3,604)**	27,057
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(685)**	5,141
Effects of:		
Fixed asset difference	**920**	990
Expenses not deductible for taxable purposes	**746**	164
Group income	**-**	(363)
capital allowances		
Provision for uncertain tax	**3,055**	-
Re-measurement of deferred tax - change in UK tax rate	**-**	(529)
Prior year adjustment	**-**	(15)
Tax expense	**4,036**	5,388

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

Factors that may affect future tax charges
The Finance Bill 2021 published on 11 March, includes provision for the main rate of corporation tax to increase from 19% to 25 % with effect from 1 April 2023. The legislation was not substantively enacted at the balance sheet date and therefore deferred tax has been provided using the enacted rate of 19%. If deferred tax was calculated using the 25% rate, the net deferred tax liability / asset would be increased from £4,680,257 to £6,130,800.
Although the Finance Bill 2021 has subsequently received Royal Assent on 10th June 2021, this does not affect the figures that are noted in the accounts as at the date of the balance sheet.

Deferred tax
Deferred tax has been shown in Note 15. As at 31 March 2021 there are no unrecognized deferred tax items ((2020 - £nil).

10. **DIVIDENDS**

	2021	2020
	£'000	£'000
Ordinary shares of 1p each - Final	**-**	100,000

The amount paid per share was £100.

continued...

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 April 2020	
and 31 March 2021	439
AMORTISATION	
At 1 April 2020	
and 31 March 2021	439
NET BOOK VALUE	
At 31 March 2021	-
At 31 March 2020	-

Goodwill is no longer amortised under FRS101 and the amortisation stated above was recognised before the transition date to FRS 101.

12. TANGIBLE FIXED ASSETS

	Leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000
COST			
At 1 April 2020	415,163	116,100	22,022
Restatement	(9,620)	(77,037)	(3,126)
Additions	23,734	2,296	651
Disposals	(9,194)	(157)	(1,658)
Transfer to/from fellow group undertaking	(549)	(1,306)	3
At 31 March 2021	419,534	39,896	17,892
DEPRECIATION			
At 1 April 2020	81,885	101,695	11,371
Restatement	(10,943)	(76,391)	(3,430)
Charge for year	30,431	5,045	1,862
Impairment	1,522	-	-
Eliminated on disposal	(2,293)	(137)	(1,006)
Transfer to/from fellow group undertaking	(464)	(1,177)	34
At 31 March 2021	100,138	29,035	8,831
NET BOOK VALUE			
At 31 March 2021	319,396	10,861	9,061
At 31 March 2020	333,278	14,405	10,651

continued...

12. **TANGIBLE FIXED ASSETS** - continued

	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST			
At 1 April 2020	8,754	22,658	584,697
Restatement	(1,045)	(13,426)	(104,254)
Additions	3,380	2,433	32,494
Disposals	(235)	(2,374)	(13,618)
Transfer to/from fellow group undertaking	(948)	(160)	(2,960)
At 31 March 2021	9,906	9,131	496,359
DEPRECIATION			
At 1 April 2020	5,080	15,740	215,771
Restatement	(2,418)	(12,857)	(106,038)
Charge for year	2,264	1,749	41,351
Impairment	-	-	1,522
Eliminated on disposal	(235)	(1,738)	(5,409)
Transfer to/from fellow group undertaking	(938)	(104)	(2,649)
At 31 March 2021	3,753	2,790	144,548
NET BOOK VALUE			
At 31 March 2021	6,153	6,341	351,811
At 31 March 2020	3,674	6,918	368,926

continued...

12. **TANGIBLE FIXED ASSETS** - continued

During the year a review was performed to align the cost and depreciation to the company's Fixed Asset Register, these are shown as restatements. As part of this exercise other credits amounting to £1.7m were identified which were credited to the profit and loss. Apart from these assets there were no other impact on Net Book Value.

During the year certain fixed assets were transferred at Net Book Value to/from other group companies, these are shown as transfer to/from fellow group undertaking above.

Analysis of net book value of Leasehold properties and right-of-use assets:

	ROU Asset		Leasehold properties	
	31.3.21	31.3.20	**31.3.21**	31.3.20
	£'000	£'000	**£'000**	£'000
Over 50 years unexpired	**2,286**	3,693	**-**	-
Less than 50 years unexpired	**286,839**	293,412	**30,354**	36,173
	289,125	297,105	**30,354**	36,173

As a Lessee
The Company leases many assets including land and buildings and vehicles. An extract from the table below for which the Company is a lessee is presented below:

Lease payment changes represent modifications to existing leases under IFRS16.

Right-of-use Assets:

	Leasehold	**Motor Vehicle**	**Total**
COST	**£'000**	**£'000**	**£'000**
At 1 April 2020	322,553	5,335	327,888
Addition	-	3,134	3,134
Transfer to fellow group undertaking	135	-	135
Lease payment change	24,092	-	24,092
Disposal	(5,431)	-	(5,431)
At 31 March 2021	**341,349**	**8,469**	**349,818**
DEPRECIATION			
At 1 April 2020	25,448	1,513	26,961
Charge for the year	25,257	1,884	27,141
Transfer to fellow group undertaking	39	-	39
Impairment	1,522	-	1,522
Disposal	(42)	-	(42)
At 31 March 2021	**52,224**	**3,397**	**55,621**
NET BOOK VALUE			
At 31 March 2020	297,105	3,822	300,927
At 31 March 2021	**289,125**	**5,072**	**294,197**

continued...

13. **INVESTMENTS**

	£'000
Shares in group undertakings	
As at 31 March 2020	**2,852**
Impairment	(2,100)
As at 31 March 2021	**752**

The directors consider that the carrying value of the fixed asset investments are supported by their underlying net assets.
The investment in subsidiaries are held at cost less accumulated impairment losses.

The directors performed their annual impairment review under IAS 36, comparing the carrying value of the total net assets of the Companies compared with the anticipated recoverable amounts from these net assets, which resulted in the investment in TPAS (UK) Limited being fully impaired. TPAS (UK) Limited experienced a downturn in trade, particularly because of the global Covid-19 pandemic and large dilapidation costs falling due. Anticipated results for the next 12 months indicate further trading losses for the company with an ultimate recovery of trade being uncertain at present. The net liability position of TPAS (UK) Limited as at 31 March 2021 is £5,862m.

The following company's investments are holdings of 100% of the ordinary share capital:

Name	Country of incorporation or registration	Nature of business
Kwik-Fit Properties Limited	UK*	Holding and managing of properties
TPAS (UK) Limited	UK*	Operation of automotive repair centres
Central Tyre (Commercial) Limited	UK*	Operation of automotive repair centres
Kwik-Fit (NI) Limited Registered address: 1 Balloo Park, South Circular Road, Bangor, County Down, BT19 7PP	UK	Dormant company
Superdrive Motoring Centres Limited	UK*	Dormant company

Registered address: ETEL House, Avenue One, Letchworth Garden City, Hertfordshire, SG6 2HU
All investments are held directly by the company.

14. **STOCKS**

	2021	2020
	£'000	£'000
Stock for resale	**23,020**	28,748

The estimated replacement cost of stock is not materially different from the balance sheet value.
Total stock expense during the year was £268,751,000 (2020 - £258,052,000).

15. **DEBTORS**

	2021	Restated 2020
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	**15,654**	16,394
Amounts owed by group undertakings	**66,743**	56,432
Amounts receivable in respect of finance leases	**156**	234
Prepayments and accrued income	**14,417**	13,777
Other debtors	**511**	372
Corporation tax	**3,892**	16,917
	101,373	104,126

continued...

15. **DEBTORS** - continued

	2021	2020
	£'000	£'000
Amounts falling due after more than one year:		
Amounts receivable in respect of finance leases	**419**	514
Deferred tax	**4,491**	4,672
	4,910	5,186
Aggregate amounts	**109,338**	109,312

The comparatives have been restated due to a prior period adjustment as explained in Note 1 Accounting policies.

Deferred tax

	31.3.21	31.3.20
	£'000	£'000
Accelerated capital allowances	**(2,273)**	(2,655)
Other timing differences	**6,953**	7,334
Total deferred tax	**4,680**	4,679

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days, and the receivables have no significant financing component.

As at 31 March 2021, the lifetime expected loss provision for trade receivables is as follows:

	59 days or less	60-89	90 days+	Total
Expected loss rate	0%	75%	100	
Gross carrying amount	15,615	135	311	16,061
Loss provision	5	(101)	(311)	(407)
Net balance	**15,620**	**34**	**-**	**15,654**

The Company has found that the vast majority of receivables are settled by 60 days, after which the default rate increases sharply.

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

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

continued...

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Leases (see note 18)	**25,167**	24,464
Trade creditors	**19,623**	14,732
Amounts owed to group undertakings	**51,242**	34,414
Corporation tax	**-**	5,389
Taxation and social security	**2,377**	2,566
VAT	**29,505**	22,433
Other creditors	**4,786**	5,126
Accruals and deferred income	**19,976**	20,345
	152,676	129,469

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

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

	2021 £'000	2020 £'000
Leases (see note 18)	**306,296**	313,202

18. FINANCIAL LIABILITIES - BORROWINGS

	2021 £'000	2020 £'000
Current:		
Leases (note 19)	**25,167**	24,464
Non-current:		
Leases (note 19)	**306,296**	313,202

19. LEASES

	2021 £'000	2020 £'000
1 year or less	**25,167**	24,464
1-2 years	**26,963**	26,602
2-5 years	**71,155**	72,393
More than 5 years	**208,178**	214,207
Total	**331,463**	337,666

continued...

19. **LEASES** – continued

	Leasehold £'000	Motor Vehicle £'000	Total £'000
Lease Liability			
Balance as 1st April 2020	333,870	3,796	337,666
Addition	506	3,133	3,639
Lease payment change	23,135	-	23,135
Disposal	(5,435)	-	(5,435)
Reclass	90	-	90
Interest Charge	7,947	63	8,010
Lease Payment	(33,666)	(1,976)	(35,642)
Balance as 31st March 2021	**326,447**	**5,016**	**331,463**

Lease payment changes represent modifications to existing leases under IFRS16.

The total cash outflow for leases during prior year was £35,622,576, with interest charge on lease liabilities being £8,362,308.

20. **PROVISIONS FOR LIABILITIES**

Dilapidation	**Total £000**
31 March 2020	16,688
Charge to P&L	1,914
Unwinding of discount	141
Utilised in the period	(649)
Transfer to fellow group	(502)
31 March 2021	17,592

The dilapidation provision represents management's assessment of contractual repair liabilities relating to certain leasehold properties. The timing of the utilisation of this provision, and the exact quantum of the related outflows will vary according to the individual properties concerned.

21. **CALLED UP SHARE CAPITAL**

Allotted, called up and fully paid

Number	Class	Nominal Value	**31.3.21 £'000**	31.3.20 £'000
1,000,001 (2020 : 1,000,001)	Ordinary Shares	1p	**10**	10
1,000,000 (2020 : 1,000,000)	Deferred Shares	10p	**100**	100
			110	110

All of the ordinary shares rank pari passu as regards distributions of profits and voting rights. The deferred shares do not carry voting rights, nor do they carry the right to participate in any distribution of profits. They do carry certain rights to a distribution on a return of assets or winding up of the company.

continued...

22. **RESERVES**

The company capital and reserves are as follows:

Share Premium
The amount in the account represents the additional amount shareholders paid for their issued shares that was in excess of the par value of those shares, in the prior year this was transferred to distributable reserves.

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

23. **PENSION COMMITMENTS**

Defined Contribution Schemes:
The amount recognised in the Statement of Comprehensive Income as an expense in relation to defined contribution scheme is £2,350,000 (2020: £2,538,000). The amounts owing at the year-end was £200,978 (2020 - £200,617).

Defined Benefit Schemes:
The company has a small defined benefit scheme which was closed in 1989 and no contributions are made to the scheme. The date of the last actuarial valuation was 1 July 2019 and the amount of the surplus was £324,000.

The Scheme provides members with pension benefits relating to two bulk transfers. The benefits in relation to 'Eastern' members are governed by a Transfer Agreement dated 6 March 2000. The benefits in relation to 'Grp' or 'Ex-Euro Exhaust' members are governed by a Deed of Amendment dated November 2007. Members' benefits are bought out on retirement with an insurance company.
The Scheme is legally separate from the company and is administered by a board of Trustees. The Trustees are legally required to act in the best interests of members of the Scheme.

The Scheme is exposed to a number of risks, including:

- Interest rate risk: on the LDI investments comprising bonds and interest rate swaps held through pooled investment vehicles and cash
- Currency risk: subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles.
- Credit risk: The Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles
- Other price risk: arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, equity futures, hedge funds, private equity and investment properties.

The valuation has been rolled forward from 1 July 2019 to 31 March 2021 for IAS 19 valuation purposes, adjusting for known member movements.

The information disclosed below is in respect of the whole of the plans for which the Company is the sponsoring employer.

	31.3.21	31.3.20
	£000	£000
Defined benefit asset	**1,836**	2,001
Effect of net asset ceiling	**(728)**	(796)
Total defined benefit asset	**1,108**	1,205
Total defined benefit liability	**(1,108)**	(1,205)
Net asset/liability for defined benefit obligations (see following table)	**-**	-

continued...

23. **PENSION COMMITMENTS** - continued

Movements in net defined benefit liability/asset (excluding asset restriction)

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability (asset)**	
	31.3.21	31.3.20	**31.3.21**	31.3.20	**31.3.21**	31.3.20
	£000	£000	**£000**	£000	**£000**	£000
Balance at 31 March	**(1,205)**	(1,398)	**2,001**	2,118	**796**	720
Inc. in profit or loss						
Interest cost/(income)	**(26)**	(33)	**46**	50	**20**	17
Inc. in OCI						
Remeasurements loss/(gains):						
Actuarial loss/(gain) arising:						
Change in financial assumptions	**(143)**	75			**(143)**	75
Experience adjustment	**(8)**	66			**(8)**	66
Return on plan assets excluding interest income			**63**	(82)	**63**	(82)
Other						
Benefits paid	**274**	85	**(274)**	(85)	**-**	-
Balance at 31 March	**(1,108)**	(1,205)	**1,836**	2,001	**728**	796

The above table summarises the movement in the gross plan assets and defined benefit obligation before any asset restriction. The asset restriction removes the impact in the profit and loss account and OCI to a £nil position.

Plan assets

	31.3.21	31.3.20
	£000	£000
Cash and cash equivalents	174	0
Equity instruments	833	1,010
Debt instruments e.g. Government bonds	829	991
Total	**1,836**	**2,001**

The Scheme invests in pooled investment vehicles, which comprise level 2 assets within the fair value hierarchy

Actuarial assumptions

	31.3.21	31.3.20
Discount rate at 31 March	**1.95% pa**	2.40% pa
Retail Price Inflation (CPI) – Pre-retirement	**3.75%pa**	2.65% pa
Consumer Price Inflation (CPI) – Pre-retirement	**2.75% pa**	1.65%pa
Future salary increases	**3.75% pa**	2.65% pa
Deferred Revaluation	**2.75% pa**	1,65% pa
Retail Price Inflation (RPI) – Post Retirement	**3.65% pa**	3.10% pa
Future pension increases	**3.65% pa**	3.10% pa
Expected return on assets	**1.95% pa**	2.40% pa

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65: 21.7 years (male), 24.1 years (female).
- Future retiree upon reaching 65 in 2041: 22.7 years (male), 25.3 years (female)

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23. **PENSION COMMITMENTS** -continued

The mortality assumptions use 100% of the S3PxA base table, which was published by the Actuarial Profession in December 2018 and represents the experience of occupational pension schemes in the period 2009-2016, with improvements in line with the CMI_2020 projection table published by the Actuarial Profession in March 2021. The model assumes that recently observed mortality improvements will converge to a long-term improvement rate of 1.00% per annum. Unless otherwise stated, the core model assumptions have been used.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	31.3.21
Discount rate	**£000**
Plus 1% pa	(135)
Less 1% pa	174
Inflation (RPI.CPI)	
Plus 1% pa	164
Less 1% pa	(130)

In valuing the liabilities of the pension fund at 31 March 2021, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the defined benefit obligation at 31 March 2021 would have increased by £43,000 before deferred tax.

The above sensitivities have been calculated consistently with the core defined benefit obligations, by amending the 30 June 2019 valuation data for membership movements and re-calculating on the appropriate basis.

Funding

The Company expects to pay £nil in contributions to its defined benefit plans in 2021/22 i.e. the next annual reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 14 years (2020: 13 years).

24. **OTHER FINANCIAL COMMITMENTS**

The company is party to the group banking arrangements which allows the company the facility for borrowing and depositing funds with European Tyre Enterprise Ltd, a fellow group company.

Facilities with Barclays Bank plc:
BACS Facility of £38,000,000 and Company Barclaycard Facility of £398,000.

Debenture on the Banks Standard Form (dated 23/09/2005) and Charge Over Stock Exchange given by Kwik-fit (GB) Limited (dated 23/09/2005).
The company hold unlimited guarantees given by:
- Central Tyre (Commercial) Limited
- Kwik-fit Group Limited
- Kwik-fit Finance Limited
- Kwik-fit Properties Limited
- Stapleton's (Tyre Services) Limited
- Detailagent Limited
- Ebley Tyre Services Limited
- Kwik-fit Euro Limited
- Kwik-fit Holdings Limited
- Kwik-fit Nederland BV
- Kwik-fit Netherlands Cooperatief WA
- Speedy 1 Limited
- Superdrive Motoring Centres Limited
- TPAS (UK) Limited

25. **RELATED PARTY DISCLOSURES**

All related party transactions and balances relate to companies wholly owned within the group.
Information about the company's immediate parent and ultimate holding and controlling parent company is provided in the Report of the Directors.

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26. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

As a lessor

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

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

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

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

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Lease liabilities

	2021
Maturity analysis - contractual undiscounted cash flows	£'000
Less than one year	29,858
One to five years	103,398
More than five years	238,228
Total undiscounted lease liabilities as at 31 March 2021	371,484
Lease liabilities included in statement of financial position at 31 March 2021	331,453
Current	25,157
Non-current	306,296
	331,453

i) Real Estate Leases

The Company leases land and buildings for its retail stores. The leases of retail store space typically run for a period of 30 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company leases a number of properties. It is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some property leases the periodic rent is fixed over the lease term. The Company sub-leases some of its properties under operating and finance leases (see note 19).

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

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26. GUARANTEES AND OTHER FINANCIAL COMMITMENTS – continued

ii) Other leases

The Company leases vehicles and equipment, with lease terms of 4 to 7 years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the lease assets as the end of the contract term.

iii) Surplus leases

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

As a Lessor

Lease income from lease contracts in which the Company acts as a lessor is £343,000.

i) Operating lease

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

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

	2021 £'000
Less than one year	141
One to two years	136
Two to three years	134
Three to four years	125
More than five years	400
Total undiscounted lease payments	**936**

ii) Finance lease

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

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

	2021 £'000
Less than one year	177
One to two years	177
Two to three years	150
Three to four years	86
More than five years	49
Total undiscounted lease payments	**639**
Current	156
Non-current	419
	575

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27. ULTIMATE PARENT COMPANY

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

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

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

28. POST BALANCE SHEET EVENT

On 1 June 2021, ITOCHU Treasury Europe PLC, MUFG Bank, Ltd. and the Company terminated existing contracts related to cash pooling and concluded renewed contracts that meet the requirements about offsetting financial assets and liabilities under IAS 32. Due to this change, the Company will revert to offset cash and cash equivalent against the borrowings under cash pooling in 2022.

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