REGISTERED NUMBER: 03170433

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 March 2020

for

TPAS (UK) Limited

Contents of the Financial Statements for the Year Ended 31 March 2020

TPAS (UK) Limited

Company Information
for the Year Ended 31 March 2020

DIRECTORS:	P Boulton M Slade M Lynott
SECRETARY:	I Ellis
REGISTERED OFFICE:	ETEL House Avenue One Letchworth Garden City Hertfordshire SG6 2HU
REGISTERED NUMBER:	03170433
AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

Strategic Report
for the Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

PRINCIPAL ACTIVITY
The company's trading activities are the operation of tyre, exhaust and automotive repair centres.

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. The most significant movement in regards to the financial position as at balance sheet date relates to the transition to IFRS 16 which is discussed in full within Note 1.

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 gross profit (growth 159% in the year) and operating profit (growth 3,062% in the year). The directors consider the key company level KPI's used to monitor performance to be:

Turnover: Current year - £39,056,000 (2019 - £39,681,000)
Gross profit: Current year - £6,029,000 (2019 - £2,332,000)
Operating profit: Current year - £2,251,000 (2019 - £76,000 loss).

The number of automotive repair centres as at the 31 March 2020 was 94 (2019 - 95).

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 is still emerging, but with the gradual release of lockdown, key performance indicators in the business are showing healthy signs of recovery, despite the severe effect on the wider economy. 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.

Following year-end, group revenue in April was around 55% of the equivalent period in the prior year, before recovering strongly to levels comparable to the pre-COVID period, with revenue in April-August 2020 being over 80% of the equivalent period in the prior year.

FUTURE DEVELOPMENTS
The directors do not anticipate any change in activities in the foreseeable future.

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 applies to accounting periods beginning on or after January 1, 2019. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how the Directors of TPAS (UK) Limited:

- have engaged with shareholder, employees, suppliers, customers, environment and communities; and
- have had regard to shareholder, employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that consideration, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties
The Board has a clear framework for determining the matters within its remit. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. These Authority Rules set out the delegation and approval process across the broader company.
When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1)(a) The likely consequences of any decision in the long term
-The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the Fast Fit industry. The strategy set by the Board is intended to strengthen our position as the leading Fast Fit automotive operation while keeping safety and social responsibility fundamental to our business approach.
-The rising standard of living of a growing population is likely to continue to drive demand for fast fit services for years to come. At the same time, technological changes including the advent of electric, connected and autonomous vehicle, together with the rise of the sharing economy, mean that our services must evolve to stay relevant. Our decision making takes place in this context.

S172(1)(b) The interests of the company's employees
The Directors recognise that their employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The Directors promote an environment allowing employees concerns to be addressed through one to one meetings. Continuous investment in employees personal development - internally and externally is funded by the company.

S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others
- Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and governments. The company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The Board also reviews and approves the company's approach to suppliers which is set out in New Supplier Request form. We continuously assess the priorities related to customers and those with whom we do business.
- In addition to direct engagement, the Directors review a variety of reports to monitor how the organisation as a whole engages with these stakeholders.

S172(1)(d)The impact of the company's operations on the community and the environment
This aspect is inherent in our strategic ambitions. As such, the Board receives information on these topics to both provide relevant information for specific Board decisions and to provide ongoing overviews at the group level. For example, the Group is striving to mitigate its environmental impact by assisting customers to mitigate theirs, by the safe and regulated disposal of used tyres, via our recycling partners. The Board receives information on this, and on the ongoing efforts to drive down energy consumption throughout the business.

SECTION 172(1) STATEMENT – continued
S172(1)(e)The desirability of the company maintaining a reputation for high standards of business conduct
The Board periodically reviews and approves clear frameworks, such as including a Code of Conduct, Operating Manual, specific Ethics & Compliance manuals, and its Modern Slavery Statement, to ensure that its high standards are maintained both within the wider group and the business relationships we maintain. The Board and monitors compliance with relevant governance standards which assures that decisions are taken, and that the company acts in ways that promote high standards of business conduct.

S172(1)(f) The need to act fairly between members of the company
After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Culture
The Board recognizes that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Board has established honesty, integrity and respect for people as the company's core values. The General Business Principles, Code of Conduct, and Code of Ethics help everyone at the company act in line with these values and comply with relevant laws and regulations. We strive to maintain a diverse and inclusive culture.
The Board considers people surveys to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment to the company. These provides insights into employee views. The Board also utilizes this engagement to understand how survey outcomes are being leveraged to strengthen the company's culture and values.

Stakeholder engagement (including employee engagement)
The Board recognizes the important role the company has to play in society and is deeply committed to public collaboration and stakeholder engagement. The Board believes that the company will only succeed by working with customers, governments, business partners, and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces issues as complex and challenging as climate change, Brexit and Covid-19.

In order to deepen the Board's understanding of the customer base, numerous surveys are conducted, to gauge customer experience of our products and services, as well as focus groups for new services. The Board also reviews reports related to customer contacts, whether these are compliments or complaints. The Board and management team are in frequent contact with key suppliers which supports confidence in the Group's supply chain.

Regular use is made of employee surveys, suggestion boxes and other listening exercises to more effectively utilise the knowledge and experience of our employees. The Board conducted a Group-wide vote for all employees to choose which charity the Group would support during 2019, with the popular choice being Children with Cancer. This exercise enabled the Group to capture the energies of the staff to achieve the fundraising target of £1m, reflecting the power of employee engagement as well as the generosity of all of our stakeholders.

We continue to build on our long track record of working with others, such as industry and trade groups and in some instance our competitors through industry bodies. We believe that working together and sharing knowledge and experience with others offers us greater insight into our business. We also appreciate our long-term relationships with our investors and acknowledge the positive impact of ongoing engagement and dialogue.

Key decisions made by the Board in the year
Examples of key decisions made by the Board in the year ended 31 March 2020 include the establishment of the Covid-19 response team, to devise and co-ordinate the Group-wide approach to Covid-19, drawing on all key disciplines. This considered matters such as whether or how to open sites; the sourcing of PPE, furloughing of staff; and shielding of vulnerable employees.
When making these decisions, the safety of our staff and customers were paramount. Other factors taken into account included the evolving government instruction and guidance, the reduced demand from customers, quality and availability of protective screens and masks, the recoverability of debtors and the settlement of our obligations, and the wider financial effect on our B2B customers and suppliers of the crisis.

Another key decision concerned the payment of a dividend to the ultimate parent of the Company. For this, the Board considered the optimal steps to enable this to take place, taking into account the Group's capital structure, and discussed with the shareholders the ideal timing and quantum of the dividend, to dovetail with their own planning.

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. Continued uncertainty around the nature of Brexit present a challenge to the Company; however the Company has taken steps to ensure that its key suppliers will be able to provide an uninterrupted flow of goods. The emerging situation is kept under close review.

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 European Tyre Enterprise Limited (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.

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

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.

Brexit

The United Kingdom formally left the European Union on 31 December 2019, and the Transition Period is due to conclude on 31 December 2020. Negotiations between the UK Government and EU negotiators are continuing, and the outcome remains uncertain in terms of a future trading relationship.

However regardless of the outcome, the Group's pre-existing preparations should assist it in managing this period of uncertainty. Anticipating that additional barriers to trade are likely, Authorised Economic Operator (AEO) status has been obtained, which should ensure the smooth import of the Group's goods through UK ports. Careful attention is being paid to purchase planning and stock levels throughout the Group's supply chain, to ensure continuity of supply.

Covid-19

As noted in the Strategic Report, the situation regarding Covid-19 continues to develop. The Directors are monitoring the situation closely, through the Group-wide Covid-19 response team.

EMPLOYMENT POLICIES

The company offers equal opportunities and treatment to all regardless of religion, gender, ethnic origin, disability and age. All applicants and employees will be treated equally in respect of employment, career development, training, pay and other employment policies. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

It is the policy of the company to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the company. Consultation with employees or their representatives occurs on a regular basis covering matters of relevance and their views are taken into consideration when making decisions.

The Company ensures that employees are recruited, trained and developed in accordance with individual and business needs to achieve maximum business and personal potential. As part of this process, all employees have an annual appraisal, which enables both the Company and the employee to assess performance, provide feedback and identify any future training/development requirements.

The Company is committed to learning and career development for all staff and we will endeavour to support teams and individuals wherever we can. Our People Development team offer a broad range of development courses and programmes to support the development of technical, management and leadership skills and where appropriate we consider further education programmes that are relevant to individuals who work in specialist areas.

We are committed to continually developing our employees and keeping them abreast of key developments and requirements, we do this through regular meetings and updates from management. The People Development Team liaise with departmental directors/heads to identify departmental requirements and develop learning interventions to support individuals and teams, with a focus on improving overall performance of the organisation.

APPROVED ON BEHALF OF THE BOARD:

....
M Slade - Director

Date: ......9/10/20......................

The directors present their report with the audited financial statements of the company for the year to 31 March 2020.

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 the initial lockdown, and its modelled trading under a number of Reverse Stress Testing scenarios, and the two year loan made available to European Tyre Enterprise Limited and its subsidiaries ("the Group") by the ultimate parent, Itochu Corporation, for the 12 months from the date of signing of these financial statements. As at 31 March 2020, The Group had access to short-term funding from the ultimate parent of £680m, renewable annually.
On 29 September 2020, the Group's funding arrangements were amended to consist of a two year loan expiring on 30 September 2022 of £500m, a further £80m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2021, in addition to the short term funding facility of £100m which is currently due to expire, unless both parties agree to extend, on 31 March 2021. 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 COVID-19 re-emerges, and the extent and nature of the response to such an outbreak.
At the point of the strictest lockdown, from late March into April 2020, the Company's operations continued uninterrupted, due to its status as an essential service.
Activity levels did however fall sharply, with revenue in April around 55% of the equivalent period in the prior year, before recovering strongly to levels comparable to the pre-COVID period, with revenue in April-August 2020 being over 80% of the equivalent period in the prior year.
Using this experience, the Directors have constructed an extreme scenario, a reverse stress-test, which suggests that Group revenues would have to permanently fall to below 50% of the prior year level in order to erode the available headroom to zero by the end of the period 12 months from the date of signing of these financial statements.
In this scenario, all centres and warehouses in the wider Group are assumed to function throughout, but with lower demand, and margins remain at the lower level seen in the first five months of the year to March 2021. This extreme scenario also assumes that costs remain fixed, that there is no further government support, and excludes any upsides from other strategies, such as rationalising the business and operations to better match its scale to the level of demand present.
Furthermore, this calculation is based solely on the £580m of committed loans made available by the ultimate parent, and excludes the short term funding facility noted above of £100m. As noted above the £80m committed funding needs to be drawn down prior to 31 March 2021 at the option of the Directors. The Directors will make their assessment as to whether amounts up to £80m 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 to the period 12 months from the date of signing the financial statements and taking into account other considerations including the availability of renewals of existing facilities that expire on 31 March 2021. Any amounts drawn down under the £80m facility have a 2 year repayment date.
Despite the uncertain economic environment and future impacts of a possible re-emergence of lock-down as a result of 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

As noted in the Post Balance Sheet Events note, on 29 September 2020, the Group's funding arrangements were amended to consist of a two year loan expiring on 30 September 2022 of £500m, a further £80m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2021, in addition to the short term funding facility of £100m which is currently due to expire, unless both parties agree to extend, on 31 March 2021. All of the above facilities were provided by Itochu Corporation, the group's ultimate parent.

DIVIDENDS
No dividends were paid, recommended or received for the year ended 31 March 2020 (2019: nil).

INDENTIFICATION 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.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

P Boulton
M Slade
M Lynott

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 2013 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.

There is an ongoing focus to reduce environmental impact throughout the business. All retail outlets are continuously reviewed from the perspective of energy usage.

STREAMLINED ENERGY & CARBON REPORTING (SECR) – continued

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 2035- including hybrids. This is yet to be confirmed, but if true, this is likely to accelerate the adoption of fully electric vehicles.

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

Energy Source	**kWh**	**tCo2e**
Directly Purchased Electricity	1,083,309	276.9
Fuel - Commercial Vehicles	4,062,705	901.8
Fuel - Other Vehicles	378	0.1
Total	**5,146,392**	**1,178.8**

Company's Chosen Intensity Measurement:		
tCo2e per £1m Group Revenue	1.17	

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

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

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

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 statement 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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors BDO LLP were appointed by the Directors as auditors and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

APPROVED ON BEHALF OF THE BOARD:

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M Slade - Director

Date: ....9/10/20.....................

Report of the Independent Auditors to the Members of
TPAS (UK) Limited

Opinion
We have audited the financial statements of TPAS (UK) Limited ("the Company") for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the 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).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Report of the Directors and Financial Statements, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

BDO LLP

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

Date: 12th October 2020

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

TPAS (UK) Limited (Registered number: 03170433)

Statement of Comprehensive Income
for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	2	**39,056**	39,681
Cost of sales		**(33,027)**	(37,349)
GROSS PROFIT		**6,029**	2,332
Administrative expenses		**(3,780)**	(2,419)
		2,249	(87)
Other operating income		**2**	11
OPERATING PROFIT/(LOSS)		**2,251**	(76)
Interest payable and similar expenses	4	**(376)**	-
PROFIT/(LOSS) BEFORE TAXATION	5	**1,875**	(76)
Tax on profit/(loss)	6	**(35)**	(28)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**1,840**	(104)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,840**	(104)

TPAS (UK) Limited (Registered number: 03170433)

Statement of Financial Position
31 March 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Owned			
Intangible assets	7	-	-
Tangible assets	8	3,826	4,520
Right-of-use			
Tangible assets	8	8,024	-
		11,850	4,520
CURRENT ASSETS			
Stocks	9	5,842	5,769
Debtors: amounts falling due within one year	10	2,231	2,154
Debtors: amounts falling due after more than one year	10	598	-
Cash in bank		49	6
		8,720	7,929
CREDITORS			
Amounts falling due within one year	11	(12,981)	(13,899)
NET CURRENT LIABILITIES		(4,261)	(5,970)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,589	(1,450)
CREDITORS			
Amounts falling due after more than one year	12	(8,795)	-
PROVISIONS FOR LIABILITIES	15	(403)	(373)
NET LIABILITIES		(1,609)	(1,823)
CAPITAL AND RESERVES			
Called up share capital	16	2,100	2,100
Retained earnings	17	(3,709)	(3,923)
SHAREHOLDERS' FUNDS		(1,609)	(1,823)

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on ....9/10/20............... and were signed on its behalf by:

....
M Slade - Director

Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	2,100	(3,819)	(863)
Changes in equity			
Total comprehensive loss	-	(104)	(104)
Balance at 31 March 2019	2,100	(3,923)	(1,823)
Changes in equity			
IFRS16 transition adjustment	-	(1,626)	(1,626)
Total comprehensive income	-	1,840	1,840
Balance at 31 March 2020	2,100	(3,709)	(1,609)

1. ACCOUNTING POLICIES

General information
TPAS (UK) 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 director.

The principal activity of the company is the operation of automotive repair centres for tyres, exhausts, brakes, suspension, MOT and servicing.

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 the initial lockdown, and its modelled trading under a number of Reverse Stress Testing scenarios, and the two year loan made available to European Tyre Enterprise Limited and its subsidiaries ("the Group") by the ultimate parent, Itochu Corporation, for the 12 months from the date of signing of these financial statements. As at 31 March 2020, The Group had access to short-term funding from the ultimate parent of £680m, renewable annually.
On 29 September 2020, the Group's funding arrangements were amended to consist of a two year loan expiring on 30 September 2022 of £500m, a further £80m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2021, in addition to the short term funding facility of £100m which is currently due to expire, unless both parties agree to extend, on 31 March 2021. 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 COVID-19 re-emerges, and the extent and nature of the response to such an outbreak.
At the point of the strictest lockdown, from late March into April 2020, the Company's operations continued uninterrupted, due to its status as an essential service.
Activity levels did however fall sharply, with revenue in April around 55% of the equivalent period in the prior year, before recovering strongly to levels comparable to the pre-COVID period, with revenue in April-August 2020 being over 80% of the equivalent period in the prior year.
Using this experience, the Directors have constructed an extreme scenario, a reverse stress-test, which suggests that Group revenues would have to permanently fall to below 50% of the prior year level in order to erode the available headroom to zero by the end of the period 12 months from the date of signing of these financial statements.
In this scenario, all centres and warehouses in the wider Group are assumed to function throughout, but with lower demand, and margins remain at the lower level seen in the first five months of the year to March 2021. This extreme scenario also assumes that costs remain fixed, that there is no further government support, and excludes any upsides from other strategies, such as rationalising the business and operations to better match its scale to the level of demand present.
Furthermore, this calculation is based solely on the £580m of committed loans made available by the ultimate parent, and excludes the short term funding facility noted above of £100m. As noted above the £80m committed funding needs to be drawn down prior to 31 March 2021 at the option of the Directors. The Directors will make their assessment as to whether amounts up to £80m 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 to the period 12 months from the date of signing the financial statements and taking into account other considerations including the availability of renewals of existing facilities that expire on 31 March 2021. Any amounts drawn down under the £80m facility have a 2 year repayment date.
Despite the uncertain economic environment and future impacts of a possible re-emergence of lock-down as a result of 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.

1. **ACCOUNTING POLICIES – continued**

Basis of Preparation
The Company meets the definition of a qualifying entity under Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101) issued by the Financial Reporting Council, which applies for accounting periods beginning on or after 1 January 2015.

Therefore in the year ended 31 March 2020, the Company has undergone transition to reporting under FRS101 as issued by the Financial Reporting Council, and the financial statements are prepared on this basis. This transition is not considered to have had a material impact on the numeric content of the financial statements, although some disclosures have changed. A reconciliation and explanation for any adjustments to the statement of financial position and statement of other comprehensive income are disclosed in note 21.

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.

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 2020 and these financial statements may be obtained from their company's website which is www.Itochu.co.jp

Changes in accounting policies
Except for the changes under leases further below, the Company has consistently applied the policies to all periods presented in these financial statements.

1. **ACCOUNTING POLICIES – continued**

Covid-19
The COVID-19 crisis severely affected many businesses, including many of the Company's B2B customers. An unusually high number of such customers approached us for non-standard payment terms, such as payment plans or holidays, during this period.
To reflect the new circumstances, a special provision in respect of such debtors within these financial statements. The approach taken has been to use leading indicators of financial distress, together with intelligence gathered from the marketplace, to guide an appropriate provision.

Tangible fixed assets (see note 8)
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.

Intangible fixed assets (see note 7)
Intangible assets are valued on the basis considered most appropriate for the asset in question. Useful Economic Life is determined under IAS38. When determining whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill 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.

Impairment of tangible, intangible and right-of-use assets (see note 8)
When determining whether there are indicators of impairment of the company's tangible, intangible and right-of-use 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.

Tangible fixed assets
Tangible fixed assets are stated at cost or valuation less accumulated depreciation and provision for impairment.

Depreciation is provided to write off the cost of tangible fixed assets in equal annual instalments over their estimated useful lives. In general, the rates of depreciation are as follows:

Leasehold improvements - the shorter of the economic life and the remaining term of the lease
Plant and machinery - 10% - 25% straight line
Fixtures and fittings - 10% to 25% straight line
Computer equipment - 25% straight line
Motor vehicles - 3 - 6 years

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.

1. **ACCOUNTING POLICIES - continued**

Financial instruments
The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

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').
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.

Stocks
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 (2020 - nil, 2019 - nil).

1. **ACCOUNTING POLICIES - continued**

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

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

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

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

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

Dilapidations
Provision, discounted to net present value, is made for dilapidations 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.

Cost of sales
Cost of sales comprises of all costs directly attributable to operations including distribution and property cost for the comparative period. For the current year property cost is replace with Deprecation under IFRS16 and reported within administration cost.

Rental income
Rent receivable is spread on a straight-line basis over the period of the lease. This is recognised in Other operating income within the Statement of Comprehensive Income. The head lease payments are recognised in Administration expenses.

1. **ACCOUNTING POLICIES - continued**

Leases
The Company applied IFRS 16 with a date of initial application of 1st April 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April 2019. The details of the changes in accounting policies are disclosed below. The comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Definition of a Lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contact is or contains a lease based on the definition of a lease, as explained below.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1st April 2019.

As a Lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet. The company concluded that this classification is made at lease commencement date.

The Company decided to apply recognition exemptions to short-term leases (lease term 12 months or less) and low value leases (asset with a value, when new, in the order of magnitude of £5,000 or less). The company will recognise the lease payments associated with these leases as an expenses in a straight-line basis over the lease term. . For leases of other assets, which were classified as operating under IAS 17, the Company recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lease incremental borrowing rate as at 1st April 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately on the date of initial application, as an alternative to an impairment review.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

1. **ACCOUNTING POLICIES – continued**

Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1st April 2019 are determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. 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. On transition, the Company reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Company concluded that the sub-lease is a finance lease under IFRS 16.

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.

The Company applied IFRS 15 Revenue from Contract with Customers to allocate consideration in the contract to each lease and non-lease component.

Impacts on financial statements

On transition to IFRS 16, the Company recognised an additional £10,832,414 right-of-use assets and £12,601,810 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate per lease as at 1st April 2019. The weighted-average rate applied is 3.58%.

	1st April 2019 £'000
Operating lease commitments as at 31st March 2019 as disclosed in the Company's financial statements	Nil
Adjustments to opening balance	Nil
Discounted using the incremental borrowing rate at 1st April 2019	Nil
Finance lease liabilities recognised as at 31st March 2019	Nil
- Intercompany Leases	£12,602
Lease liabilities recognised at 1st April 2019	£12,602

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

1. **ACCOUNTING POLICIES – continued**

- 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.

Policy applicable before 1st April 2019

For contracts entered into before 1st April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset.

- an arrangement conveyed the right to use the asset if one of the following was met

- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a Lessee

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

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

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

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

1. **ACCOUNTING POLICIES - continued**

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
- 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.

The Company presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

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 exposes 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.

1. **ACCOUNTING POLICIES - continued**

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. Upon this assessment the financial impact of the total lease payments was deemed not material.

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.

Under IAS 17
In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit and loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

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.

Critical accounting estimates and judgements
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.

In preparing these financial statements, the biggest judgments are below and there are no significant estimates in these financial statement:

Recoverability of receivables (see note 10)
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.

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

	2020	2019
	£000	£000
Wages and salaries	9,313	9,470
Social security costs	778	776
Other pension costs	186	137
	10,277	10,383

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

	2020	2019
Sales and distribution	328	315

The remuneration of the directors are paid by the parent company which makes no recharge to the company. The directors of TPAS (UK) 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. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Interest payable due to fellow group undertakings	312	-
Interest on lease liabilities	64	-
	376	-

5. PROFIT/(LOSS) BEFORE TAXATION

The profit before taxation (2019 - loss before taxation) is stated after charging:

	2020	2019
	£'000	£'000
Cost of inventories recognised as expense	18,932	20,965
Depreciation - owned assets	970	1,001
Depreciation - right of use assets	1,275	-
Impairment of owned assets	135	-
Variable lease payments not included in the measurement of lease liabilities	945	-
Expenses relating to short -term leases & low-value assets	1	-
Loss on disposal of fixed assets	24	59

During the current and prior year, the auditors' remuneration for the Company was paid by a fellow group undertaking amounting to £18,000 (2019: £16,000).

6. TAXATION

Analysis of tax expense

	2020	2019
	£'000	£'000
Current tax:		
Corporation taxation payable	**175**	-
Deferred tax current year	**(140)**	28
Total tax expense in statement of comprehensive income	**35**	28

Factors affecting the tax expense
The tax assessed for the year is lower (2019 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£'000	£'000
Profit/(loss) before income tax	**1,875**	(76)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	**356**	(14)
Effects of:		
Expenses not deductible for tax purposes	**31**	45
Fixed asset differences	**(298)**	-
Re-measurement of deferred tax - change in UK tax rate	**(54)**	(3)
Tax expense	**35**	28

Factors that may affect future tax charges
A change to the main U.K. corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020, under the provisions of the Provisional Collection of Taxes Act 1968, for the purposes of IFRS and UK GAAP. The rate applicable from 1 April 2020 remains at 19% rather than the previously enacted reduction to 17%.

Deferred tax
As at 31 March 2020 there were no unrecognised deferred tax balances (2019 - £nil).

7. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 April 2019 and 31 March 2020	6,199
AMORTISATION	
At 1 April 2019 and 31 March 2020	6,199
NET BOOK VALUE	
At 31 March 2020	-
At 31 March 2019	-

8. TANGIBLE FIXED ASSETS

	Leasehold £'000	Plant and machinery £'000	Fixtures and fittings £'000
COST			
At 1 April 2019	3,753	8,269	4,563
Adoption of IFRS16	10,832	-	-
Additions	43	364	44
Disposals	(1,923)	(308)	(43)
Impairments	(135)	-	-
Reclassification/transfer	-	4	2
At 31 March 2020	12,570	8,329	4,566
DEPRECIATION			
At 1 April 2019	1,933	6,789	3,377
Charge for year	1,509	445	267
Eliminated on disposal	(383)	(291)	(21)
Reclassification/transfer	-	3	-
At 31 March 2020	3,059	6,946	3,623
NET BOOK VALUE			
At 31 March 2020	9,511	1,383	943
At 31 March 2019	1,820	1,480	1,186

8. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST			
At 1 April 2019	368	260	17,213
Adoption of IFRS16	-	-	10,832
Additions	-	3	454
Disposals	-	-	(2,274)
Impairments	-	-	(135)
Reclassification/transfer	-	-	6
At 31 March 2020	368	263	26,096
DEPRECIATION			
At 1 April 2019	362	232	12,693
Charge for year	6	18	2,245
Eliminated on disposal	-	-	(695)
Reclassification/transfer	-	-	3
At 31 March 2020	368	250	14,246
NET BOOK VALUE			
At 31 March 2020	-	13	11,850
At 31 March 2019	6	28	4,520

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

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

	Leasehold £'000
Right-of-use Assets	
Balance as 1st April 2019	10,832
Addition	-
Lease payment change	-
Disposal	(1,532)
Depreciation	(1,276)
Balance as at 31 March 2020	**8,024**

9. **STOCKS**

	2020 £'000	2019 £'000
Stock for resale	5,842	5,769

The estimated replacement cost of stock is not materially different from the balance sheet value.

10. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	**503**	734
Amounts owed by group undertakings	**1,497**	672
Prepayments and accrued income	**231**	623
Deferred tax asset	**-**	125
	2,231	2,154
Amounts falling due after more than one year:		
Deferred tax	**598**	-
Aggregate amounts	**2,829**	2,154

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 2020, 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	498	2	5	505
Loss provision	4	(1)	(5)	(2)
Net balance	**502**	**1**	**-**	**503**

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.

Deferred tax asset consists of:

	2020 £'000	2019 £'000
Decelerated capital allowances	**(269)**	(56)
Short-term timing difference	**(329)**	181
Total deferred tax liability/asset	**(598)**	125

The amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Leases (see note 13)	1,149	-
Amounts owed to group undertakings	9,555	11,810
Corporation tax	175	-
Taxation and social security	156	155
VAT	1,195	1,117
Accruals and deferred income	751	817
	12,981	13,899

The amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand

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

	2020 £'000	2019 £'000
Leases (see note 13)	8,795	-

13. FINANCIAL LIABILITIES - BORROWINGS

	2020 £'000	2019 £'000
Current:		
Leases (note 14)	1,149	-
Non-current:		
Leases (note 14)	8,795	-

14. LEASES

	1 year or less £'000	1-2 years £'000	2-5 years £'000	More than5 years £'000	Total £'000
Leases	1,149	990	3,052	4,753	9,944

The total cash outflow for leases during the year was £1,667,060 paid by fellow group undertakings.

15. PROVISIONS FOR LIABILITIES

The movement on the provisions comprises:

	£'000
31 March 2019	373
Provided in the year	223
Unwinding of discount	18
Utilised in the period	(211)
31 March 2020	403

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

16. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

Number	Class	Nominal value	**2020 £000**	2019 £000
2,100,000	Ordinary Shares	£1	**2,100**	2,100

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

17. RESERVES

The company capital and reserves are as follows:

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

18. PENSION COMMITMENTS

The amount recognised in the Statement of Comprehensive Income as an expense in relation to defined contribution scheme is £186,000 (2019: £137,000). The amounts owing at the year-end was £13,781.

19. 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.

20. 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. The company has no operating leases or finance leases during this financial year.

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 (IRFS) 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".

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Lease liabilities

	2020
Maturity analysis - contractual undiscounted cash flows	£'000
Less than one year	1,256
One to five years	4,910
More than five years	5,309
Total undiscounted lease liabilities as at 31st March 2020	11,475
Lease liabilities included in statement of financial position at 31st March 2020	9,944
Current	1,149
Non-current	8,795

i) Real Estate Leases

The Company leases land and buildings for its retail stores. The leases of retail stores typically run for a period of 5 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 in the jurisdictions from which it operates. In some jurisdictions 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 jurisdictions property leases the periodic rent is fixed over the lease term.

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.

21. RECONCILIATION OF MOVEMENT BETWEEN FRS 102 AND FRS 101

The effect of adopting FRS101 in the year has had no impact on the statement of comprehensive income, reserves or opening accumulated statement of comprehensive income in the current year or previous year.

22. POST BALANCE SHEET EVENT

As at 31 March 2020, the Group had access to short-term funding from the ultimate parent of £680m, renewable annually.

On 29 September 2020, this Group funding arrangement was amended to consist of a two year loan expiring on 30 September 2022 of £500m, a further £80m of unused committed facility available to be drawn upon at the option of the Directors by 31 March 2021, in addition to the short term funding facility of £100m which is currently due to expire, unless both parties agree to extend, on 31 March 2021.