

REGISTERED NUMBER: 04474093

Strategic Report, Report of the Directors and Financial Statements

for the Year Ended 31 March 2022

for

Kwik-Fit Group Limited

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Kwik-Fit Group Limited (Registered number: 04474093)

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for the Year Ended 31 March 2022

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**Kwik-Fit Group Limited**

**Company Information**  
**for the Year Ended 31 March 2022**

**DIRECTORS:**

M Lynott  
T Fukuda

**SECRETARY:**

N B Pabani

**REGISTERED OFFICE:**

ETEL House  
Avenue One  
Letchworth Garden City  
Hertfordshire  
SG6 2HU

**REGISTERED NUMBER:**

04474093

**STATUTORY AUDITORS:**

Deloitte LLP  
1 New Street Square  
London  
United Kingdom  
EC4A 3HQ

Kwik-Fit Group Limited (Registered number: 04474093)

Strategic Report  
for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

**PRINCIPAL ACTIVITY**

The company is an intermediate holding company which does not trade.

**REVIEW OF BUSINESS**

The profit before taxation and after dividend income for the year ended 31 March 2022 was £2,002,000 (2021: £15,228,000).

**KEY PERFORMANCE INDICATORS**

Given the lack of trade in this entity, being a holding company for the UK group, the company's directors are of the opinion that using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors consider the only risk to the Company to be in respect of its investment in subsidiaries. The Directors monitor this closely and are confident that its investments are recoverable.

Strategic Report  
for the Year Ended 31 March 2022

**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.

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 our group industry. The Directors consider no change to the long term operations of the company.

**S172(1)(b) The interests of the company's employees**

The company has no employees.

**S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others**

The company hold no direct relationship to be considered.

**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.

**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 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.

**Stakeholder engagement**

The company has no direct engagement with stakeholders.

Kwik-Fit Group Limited (Registered number: 04474093)

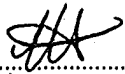
Strategic Report  
for the Year Ended 31 March 2022

**Key decisions made by the Board in the year**

Examples of key decisions made by the Board in the year ended 31 March 2022 include the continuing response to the Covid-19 pandemic where the safety of our group staff and customers has remained paramount.

Another key decision concerned the payment of a dividend to the ultimate parent of the Company, which was done in consultation with our shareholders. 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.

**APPROVED ON BEHALF OF THE BOARD:**



.....  
M Lynott - Director

Date: 29/3/22.....

Kwik-Fit Group Limited (Registered number: 04474093)

Report of the Directors  
for the Year Ended 31 March 2022

The directors present their report with the audited financial statements of the company for the year to 31 March 2022.

**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 a period of at least 12 months from the date of the signing of these financial statements.

In coming to this conclusion, the Directors have considered the current trading conditions, the Group's performance against budget and prior years, and the committed funding made available to the Group by its ultimate parent, Itochu Corporation, via its subsidiary Itochu Treasury Centre Europe PLC.

The Directors have prepared a number of conservative scenarios, reflecting limited sales growth paired with sustained levels of cost inflation. Under each of these scenarios, there remains significant headroom within the Group's existing funding facilities as set out below.

As at 31 March 2022, the Group had access to loans totalling £428,572,250 expiring on 30 September 2024, in addition to a short term funding facility of £201m which is currently due to expire, unless both parties agree to extend, on 31 March 2023.

All of these facilities were provided by Itochu Corporation via its subsidiary Itochu Treasury Centre Europe PLC. Itochu Corporation has indicated it will provide adequate financial support to enable the intermediary holding company, European Tyre Enterprise Limited, to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of its financial statements.

Similarly, European Tyre Enterprise Limited has provided the Company with a letter of support indicating that it will provide adequate financial support to enable the Company to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the Company's financial statements.

The Directors therefore consider it appropriate for these financial statements to be prepared on a Going Concern basis.

**DIVIDENDS**

Company was in receipt of a dividend of intercompany receivables from its subsidiary in the amount of £2,507,103 (2021: £15,311,000) and paid a final dividend amount of £2,507,103 (2021: £15,311,000).

**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; and
- the company's management of principal risks and uncertainties.

**FUTURE DEVELOPMENTS**

The directors do not anticipate any change in activities in the immediate future.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

M Lynott  
T Fukuda

**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.

Report of the Directors  
for the Year Ended 31 March 2022

**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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**AUDITORS**

Pursuant to section 485(3) of Companies Act 2006, following a competitive tendering process, the Directors appointed Deloitte LLP as the Company's auditors for the year end 31 March 2022. A resolution concerning their appointment was approved by the Directors on 4 January 2022. The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**APPROVED ON BEHALF OF THE BOARD:**



.....  
M Lynott - Director

Date: 29/3/22.....



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWIK-FIT GROUP LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Kwik-Fit Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

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".

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWIK-FIT GROUP LIMITED**

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

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

**Report on other legal and regulatory requirements**

**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.

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 any material misstatements in the strategic report or report of the directors.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**Use of our report**

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

Makhan Chahal, FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK

Date: 29 March 2023

Deloitte LLP is a limited liability partnership registered in England and Wales  
(with registered number OC303675).

**Kwik-Fit Group Limited (Registered number: 04474093)**

**Statement of Comprehensive Income**  
**for the Year Ended 31 March 2022**

	Notes	2022 £'000	Restated 2021 £'000
<b>TURNOVER</b>		-	-
Administrative expenses		<u>(413)</u>	(83)
<b>OPERATING LOSS</b>		(413)	(83)
Income from shares in group undertakings		2,507	15,311
Interest payable and similar expenses	2	<u>(92)</u>	-
<b>PROFIT BEFORE TAXATION</b>	3	2,002	15,228
Tax on profit	5	<u>(532)</u>	<u>16</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,470	15,244
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,470</u>	<u>15,244</u>

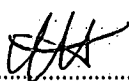
The notes on pages 13 to 20 form part of these financial statements

Kwik-Fit Group Limited (Registered number: 04474093)

Statement of Financial Position  
31 March 2022

	Notes	2022 £'000	Restated 2021 £'000
<b>FIXED ASSETS</b>			
Investments	6	127,581	127,581
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	7	79	45
Cash at bank		<u>9</u>	<u>10</u>
		88	55
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>(1,240)</u>	<u>(170)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,152)</u>	<u>(115)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>126,429</u>	<u>127,466</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Retained earnings	10	<u>126,429</u>	<u>127,466</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>126,429</u>	<u>127,466</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 29/3/22 and were signed on its behalf by:

  
.....  
M Lynott - Director

The notes on pages 13 to 20 form part of these financial statements

Kwik-Fit Group Limited (Registered number: 04474093)

Statement of Changes in Equity  
for the Year Ended 31 March 2022

	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	127,533	127,533
Changes in equity		
Dividends	(15,311)	(15,311)
Total comprehensive income (restated)	<u>15,244</u>	<u>15,244</u>
Balance at 31 March 2021 (restated)	<u>127,466</u>	<u>127,466</u>
Changes in equity		
Dividends	(2,507)	(2,507)
Total comprehensive income	<u>1,470</u>	<u>1,470</u>
Balance at 31 March 2022	<u><u>126,429</u></u>	<u><u>126,429</u></u>

The notes on pages 13 to 20 form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES

**General information**

Kwik-Fit Group 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.

**Basis of preparation**

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

**Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS101:

- 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 standards in issue not yet effective;
- the remuneration of key management personnel;
- related party transactions with wholly owned members of the group;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127, and 129 of IFRS 15 'Revenue from Contracts with Customers';
- 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 2022 and these financial statements may be obtained from their company's website which is [www.Itochu.co.jp](http://www.Itochu.co.jp).

**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 a period of at least 12 months from the date of the signing of these financial statements.

In coming to this conclusion, the Directors have considered the current trading conditions, the Group's performance against budget and prior years, and the committed funding made available to the Group by its ultimate parent, Itochu Corporation, via its subsidiary Itochu Treasury Centre Europe PLC.

The Directors have prepared a number of conservative scenarios, reflecting limited sales growth paired with sustained levels of cost inflation. Under each of these scenarios, there remains significant headroom within the Group's existing funding facilities as set out below.

As at 31 March 2022, the Group had access to loans totalling £428,572,250 expiring on 30 September 2024, in addition to a short term funding facility of £201m which is currently due to expire, unless both parties agree to extend, on 31 March 2023.

All of these facilities were provided by Itochu Corporation via its subsidiary Itochu Treasury Centre Europe PLC. Itochu Corporation has indicated it will provide adequate financial support to enable the intermediary holding company, European Tyre Enterprise Limited, to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of its financial statements.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2022**

**1. ACCOUNTING POLICIES – continued**

Similarly, European Tyre Enterprise Limited has provided the Company with a letter of support indicating that it will provide adequate financial support to enable the Company to continue its operations and fulfil its financial obligations for a period of at least 12 months from the signing of the Company's financial statements.

The Directors therefore consider it appropriate for these financial statements to be prepared on a Going Concern basis.

**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 a larger group.

**Critical accounting estimate and judgements**

Estimates and judgements are continually evaluated and are based in historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company's only judgement is regarding uncertain tax which is considered below. The company has no estimates within these financial statements.

**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 2022, most significantly a balance in respect of Corporation Tax which HMRC considers to be due following a group reorganization which took place in 2013. The matter is subject to litigation with the Company, together with several of its fellow group companies, losing its case in the First Tier Tribunal in most regards. The decision is subject to an appeal, however a provision has been recognised in the current year, 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. The provision recognised for uncertain tax at 31 March 2022 is £566,048 and forms part of the corporation tax creditor as disclosed within note 8.

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**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").



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

**1. ACCOUNTING POLICIES - continued**

**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.

**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.

**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.

**Valuation of investments**

Investment in subsidiaries are measured at cost less accumulated impairment losses. When determining whether there are indicators of impairment of the company investment 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.

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES - continued

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.

2. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	Restated 2021
	£'000	£'000
Interest payable on uncertain tax	(92)	-
	(92)	-

The comparatives have been restated due to a prior period adjustment as explained in Note 14.

3. PROFIT BEFORE TAXATION

During the current and prior year, the auditors' remuneration for the Company was paid by a fellow group undertaking amounting to £5,000 (2021: £5,000).

4. DIVIDENDS

	2022	2021
	£'000	£'000
Dividend (£2,507,000 per 1 ordinary share 2021: £15,311,000 per 1 ordinary share)	2,507	15,311

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

5. TAXATION

Analysis of tax (income)/expense

	2022 £'000	Restated 2021 £'000
Current tax:		
Corporation taxation (receivable)/payable	<u>532</u>	<u>(16)</u>
Total tax (income)/expense in statement of comprehensive income	<u>532</u>	<u>(16)</u>

Factors affecting the tax (income)/expense

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	Restated 2021 £'000
Profit before income tax	<u>2,002</u>	<u>15,228</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	380	2,893
Effects of:		
Income not taxable	(476)	(2,909)
Expenses not deductible for tax purposes	62	-
Provision for uncertain tax	<u>566</u>	<u>-</u>
Tax (income)/expense	<u>532</u>	<u>(16)</u>

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

The comparatives have been restated due to a prior period adjustment as explained in Note 14.

Factors that may affect future tax charges

The Finance Bill 2021, which was granted Royal Assent on 10 June 2021, provided that the main rate of corporation tax for the financial years 2022 and 2023 was to be 19% and 25% respectively. The Finance Act 2022 did not make any further amendments to these rates. Deferred tax assets and liabilities in the balance sheet, where applicable, have been provided for at the rate of 25%.

Deferred tax

As at 31 March 2022 there were no deferred tax balances (2021: £nil).

6. INVESTMENTS

	Shares in group undertaking £'000
<b>COST</b>	
At 1 April 2021 and 31 March 2022	<u>127,581</u>
<b>NET BOOK VALUE</b>	
At 31 March 2022	<u>127,581</u>
At 31 March 2021	<u>127,581</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

**6. INVESTMENTS - continued**

The directors consider that the carrying value of the fixed asset investments at 31 March 2022 are supported by their underlying net assets.

The investments in subsidiaries are held at cost less accumulated impairment losses.

The company's investments relate to the following legal entities (all holdings are 100% of the ordinary share capital):

Name	Country of incorporation or registration	Nature of business
Kwik-Fit Finance Limited	UK*	Provision of inter-company funding
Kwik-Fit Holdings Limited	UK*	Provision of inter-company funding
Kwik-Fit (GB) Limited	UK*	Operation of automotive repair centres
Kwik-Fit Properties Limited	UK*	Operation of automotive repair centres
TPAS (UK) Limited	UK*	Operation of automotive repair centres
Kwik-Fit Euro Limited	UK*	Provision of inter-company funding
Detallagent Limited Registered address: 216 East Main Street, Broxburn, West Lothian, EH52 5AS	UK	Intermediate holding company
Kwik-Fit (NL) Limited	UK*	Provision of inter-company funding
Central Tyre (Commercial) Limited	UK*	Operation of automotive repair centres
Kwik-Fit Netherlands Cooperatief W.A. Registered address: Celsiusstraat 15, 3846 BK Harderwijk	Holland	Provision of inter-company funding
Kwik-Fit Nederland B.V. Registered address: Celsiusstraat 15, 3846 BK Harderwijk	Holland	Operation of automotive repair centres
Tyre Guys B.V. Registered address: De Reulver 80, 7544 RT Enschede	Holland	Operation of automotive repair centres
Anglo-Dutch Property (UK) Holding Limited	UK*	Holding and managing of properties

\* Registered address: ETEL House, Avenue One, Letchworth Garden City, Hertfordshire, SG6 2HU

Kwik-Fit Finance Limited is the only investment held directly by the company. All other investments are held by Kwik-Fit Finance Limited or its subsidiaries.

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	Restated 2021
	£'000	£'000
Amounts owed by group undertakings	<u>79</u>	<u>45</u>

The comparatives have been restated due to a prior period adjustment as explained in Note 14.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2022

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	Restated 2021
	£'000	£'000
Amounts owed to group undertakings	255	170
Corporation tax	566	-
Accruals and deferred income	419	-
	<u>1,240</u>	<u>170</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

The comparatives have been restated due to a prior period adjustment as explained in Note 14.

**9. CALLED UP SHARE CAPITAL**

Authorised, issued and fully paid:

Number	Class	Nominal value	2022 £000	2021 £000
1 (2021: 1)	Ordinary A	£0.01	-	-

**10. RESERVES**

The company capital and reserves are as follows:

Retained earnings

Retained earnings represent cumulative profits and losses, net of dividends paid and other adjustments.

**11. OTHER FINANCIAL COMMITMENTS**

The company is party to group banking arrangements which give the company's banks the right of set off between the bank accounts of the Kwik-Fit group. The Kwik-Fit group is a group of companies which are held directly by Speedy 1 Limited of which Kwik-Fit Group Limited is an 100% owned direct subsidiary. A full list of the direct and indirect subsidiaries of Speedy 1 Limited can be found in its financial statements available from the Company Secretary.

The company hold unlimited guarantees given by:

- Central Tyre (Commercial) Limited
- Kwik-fit Finance Limited
- Kwik-fit Properties Limited
- Stapleton's (Tyre Services) Limited
- Detailagent Limited
- Kwik-fit Euro Limited
- Kwik-fit (GB) Limited
- Kwik-fit Holdings Limited
- Kwik-fit Nederland BV
- Kwik-fit Netherlands Cooperatief WA
- Speedy 1 Limited
- TPAS (UK) Limited

**12. 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.

**13. ULTIMATE PARENT COMPANY**

The company's immediate parent company is Speedy 1 Limited, registered in the United Kingdom.

The company's ultimate holding and controlling parent company is Itochu Corporation, which is incorporated in Japan. The 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.

**14. PRIOR PERIOD ADJUSTMENT**

Within the period it was determined that company's accounting of uncertain tax position did not meet the requirements of IFRIC 23 read with IAS 12 whereby if an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income-tax filings. As of 31 March 2021, the estimated probability of non-acceptance from taxing authorities was 45% and as such an outflow was not considered to be probable. Furthermore, where the outcome is binary a probable outflow should be measured by reference to the single most likely amount, rather than a probability weighted amount. Therefore, the impact of this adjustment is to decrease Note 2 "interest payable and similar expenses" by £36,499, decrease "administrative expenses" and decrease "tax on profit" by £50,384 and £292,459 respectively for the year ended 31 March 2021. Accordingly retained earnings as of 31 March 2021 increased by £379,342.

**15. POST BALANCE SHEET EVENT**

As at 25 November 2022, the Upper Tier Tribunal released a judgement in the corporation tax case of Kwik-Fit group against HMRC in which the group's appeal grounds were dismissed and as a result of which the decision by First Tier Tribunal was upheld. As the conditions of this case existed as at the balance sheet date, this is considered an adjusting event as per IAS 10 and so the company recognised provisions inclusive of interests and penalties of £985,236 in respect of such uncertain tax position. The group has filed an appeal at the court of appeal therefore whilst the ultimate liability for such matters may vary from the amounts provided and is dependent on the final outcome, the group believes it has made appropriate provision in relation to this case which is not yet agreed by tax authorities.