

Company registration number 7839757 (England and Wales)

TVS EUROPE DISTRIBUTION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THURSDAY



ACFGSQ2R

A15

02/11/2023

#137

COMPANIES HOUSE

TVS EUROPE DISTRIBUTION LIMITED

COMPANY INFORMATION

Directors

P J Roberts
R Dinesh
D Kernahan
G Srinivasa
Raghavan
S Santhanagoplan
D Rasesh
R C Thomas

Secretary

R C Thomas

Company number

7839757

Registered office

Ashroyd Business Park
Ashroyds Way
Hoyland
Barnsley
S74 9SB

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Business address

Ashroyd Business Park
Ashroyds Way
Hoyland
Barnsley
S74 9SB

TVS EUROPE DISTRIBUTION LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 7
Directors' responsibilities statement	8
Independent auditor's report	9 - 12
Group income statement	13
Group statement of comprehensive income	14
Group statement of financial position	15 - 16
Group statement of changes in equity	17
Group statement of cash flows	18
Notes to the group financial statements	19 - 52
Parent company statement of financial position	53
Parent company statement of changes in equity	54
Notes to the parent company financial statements	55 - 58

TVS EUROPE DISTRIBUTION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of our business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Group sales increased by 13% compared with the previous period, primarily due to sales growth in Universal Components. The group faced strong competition especially in the UK, but continued investment in product development and improved serviceability both in the UK and overseas has given the group a competitive advantage.

The weakened position of GBP against USD and EUR has had an effect on the purchasing price of products in many of the key overseas sourcing areas, which has resulted in gross margin pressure. However, this has been offset to some extent by sales in these currencies.

Employee numbers have increased compared with the previous period due to growth in the business. The group continues to invest in development and training of its staff aimed at improving service levels and overall performance.

Despite the growth in revenue of 13%, operating profit before depreciation and net financing has declined by 22% which is due to significant cost pressure throughout the business as a result of strong inflationary pressure.

During the year the group acquired the remaining 5% non-controlling interest in Universal Components UK Limited for consideration of £2.752 million.

Principal risks and uncertainties

The principal risks facing the group are continued access to financing and the condition of the UK and Global economy. The group continues to regularly monitor and forecast financing requirements to ensure that adequate financing continues to be available. Further, the lenders and the ultimate parent company, TVS Automobile Solutions Private Limited continue to support the group. The group manages the economic risk through continued business development activity and continuous review of suppliers to ensure that the group remains competitive.

The group has successfully managed the Brexit transition with minimal disruption to the group. The group holds adequate inventory to ensure that there is no significant disruption to product availability. The group has significant levels of export revenue which will naturally hedge exposure to adverse foreign currency movements and support is available from the parent company.

The current macro economic outlook remains bleak with increasing interest rates, relatively high levels of inflation and the cost of living crisis. Whilst demand in the market remains strong, demonstrated by the increase in revenue, this has led to inflationary pressure on the cost base of the group thus leading to a reduction in profitability. The group manages this risk by maximising efficiencies and constant review of the cost base in order to keep the cost base under tight control.

Key performance indicators

The key performance indicator used to manage the business as a whole have remained the same as the last financial period. This is Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA"). Group EBITDA has been disclosed below.

	2023	2022
	£000s	£000s
EBITDA	3,290	4,243

Despite growth in revenue of 13%, EBITDA has declined by 22%. The principal reason for the reduction in EBITDA is due to significant cost pressure throughout the business as a result of strong inflationary pressure.

TVS EUROPE DISTRIBUTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Matters of strategic importance and future developments

The group continues to look to improve the supply chain and invest in technology and systems. This will have a number of strategic benefits and provide the group with a strong platform for growth as the group continues to develop its product range.

Promoting the success of the company

This statement describes how the directors' have approached the responsibilities under s172(1)(a) to (f) of the Companies Act 2006 for the year ended 31 March 2023.

The stakeholders of the business include employees, customers, suppliers and the ultimate parent company. Engagement with all stakeholders of the group has informed the way in which the directors' have discharged their duties and addressed the principal risks and uncertainties of the group.

The directors' consider that they have acted in good faith to promote the success of the group on behalf of its stakeholders, in relation to the matters set out in s172 of the Companies Act 2006.

The directors' monitor and review strategic objectives, against long term growth plans. Regular reviews are held across key business areas, including financial performance, risks and opportunities, health and safety, human resources and operations. The performance of the group is reviewed regularly at department and board meetings.

The core principal of the group is ensuring transparent conduct which reflects fairness in all dealings with employees, customers and suppliers. A testament to this, is reflected in the length of service of our employees and management team.

The group has a policy of equal opportunities in all aspects of employment. Employees are kept informed of matters of concern to them in a variety of ways, including newsletters, email updates, meetings and verbal communication to staff. These communications help to achieve a common awareness among employees regarding the performance of the company. The directors' understand that it is critical to engage with employees to understand their views and ensure that their interests are considered. There are consultations between management and employees on matters of concern, which evolve to meet the changing needs of the business. The policy of the group is to consult and discuss matters with employees and to resolve any problems in accordance with relevant procedures and legislation.

The group is committed to an equal opportunities policy in respect of all stakeholders. The group endeavours to ensure that all stakeholders receive the same standard of service and disabled employees or potential employees are afforded the same treatment and opportunities as other employees or potential employees.

The customers and suppliers are fundamental to the success of the group and as a leading supplier of parts and accessories to the automotive industry, it is imperative that the group maintains its reputation of delivering high quality products. The group strives to continually improve and strengthen its offering for the mutual benefit of all stakeholders. The group engages with customers and suppliers through regular communication and attendance at trade shows.

The directors' take environmental matters into consideration as part of the decision making process, in order to minimise the impact on the environment where possible. The group has successfully reduced packaging usage thus reducing the impact on the environment.

The directors' intentions are to behave responsibly towards all stakeholders and to treat them fairly and equally, to ensure that they all benefit from the success of the group.

The directors' have overall responsibility for determining the purpose, values and strategy of the group and for ensuring high standards of governance. The primary aim of the directors' is to promote the long term sustainable success of the group, thus generating value for all stakeholders. The directors' will continue to review and improve engagement with all stakeholders.

TVS EUROPE DISTRIBUTION LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board



R C Thomas

Director

Date: 18 October 2023

TVS EUROPE DISTRIBUTION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the group during the year was the distribution of parts and accessories to the automotive industry. The principal activity of the company is that of a holding company.

Strategic report

The review of business, future developments, key performance indicators and principal risks and uncertainties are included in the strategic report.

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P J Roberts
R Dinesh
D Kernahan
G Srinivasa Raghavan
S Santhanagoplan
D Rasesh
R C Thomas

Supplier payment policy

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the group at the year end were equivalent to 32 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Post reporting date events

There are no post balance sheet events to disclose.

Auditor

KPMG LLP were appointed as auditor and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

TVS EUROPE DISTRIBUTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Energy and carbon report

This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 April 2022 to 31 March 2023, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the government's Streamlined Energy and Carbon Reporting (SECR) policy.

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio:

<i>Energy consumption</i>	kWh	
Aggregate of energy consumption in the year	405,061	
<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	4,130.00	
- Fuel consumed for owned transport	14,146.00	
		18,276.00
Scope 2 - indirect emissions		
- Electricity purchased		89,710.00
Total gross emissions		107,986.00
<i>Intensity ratio</i>		
Tonnes CO2e per full-time employee		710

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time employee, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

TVS EUROPE DISTRIBUTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

TVS Europe Distribution Ltd ("the group") meets its day to day working capital requirements from a revolving credit facility (see note 23), together with operational cash flows and intercompany loan.

At the balance sheet date, the Group had a £8,000k revolving credit facility with Axis bank with a renewal date of 8 June 2024. The facility is guaranteed by TVS Automobile Solutions Private Limited ("the ultimate parent company"). The revolving credit facility of £8,000k is by its nature repayable on demand. Covenants on the RCF are tested based on performance at the ultimate group level. At 31 March 2023 the covenants were not met and the bank has agreed to waive the breach and confirmed that the covenants will no longer be tested. During the year the bank loan of £3,360k was fully repaid.

Additionally, the Group has a related party loan and other payable balance of £8.5m, £7.5m of which is due to a fellow subsidiary, Scuderia Car Parts Limited.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in reasonably possible downsides, the group will require additional funds, through funding from its ultimate parent company, TVS Automobile Solutions Private Limited, to meet its liabilities as they fall due during 12-month period ending September 2024, the going concern assessment period.

In determining whether the group's annual financial statements can be prepared on a going concern basis, the directors have considered the group's business activities, together with the factors likely to affect its future development and performance. The review also includes the financial position of the company and the group, their cash flows, liquidity position and borrowing facilities. The key factors considered by the directors were as follows:

- the impact of the competitive environment within which the group's businesses operates; and
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected.

TVS Automobile Solutions Private Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due to the fellow subsidiary, which at 31 March 2023 amounted to £7.6m, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial risk management

Objectives and policies

The group's activities expose it to a number of financial risks including changes in foreign currency rates, credit risk, interest rate risk and liquidity risk.

The group's principal financial instruments comprise bank balances, bank overdrafts, revolving credit facility, bank loans, trade debtors and trade creditors. The main purpose of these instruments is to manage the group's operations. Forward contracts are not taken out to manage change in foreign currency exchange rates.

Credit risk, interest rate risk and liquidity risk

Trade debtors are managed in respect of credit risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Credit insurance is in place to mitigate this risk.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the invoice discounting facility at a floating rate of interest and long term bank funding charged at a fixed rate over LIBOR.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available when the amounts fall due.

TVS EUROPE DISTRIBUTION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

On behalf of the board



R C Thomas

Director

Date: 18 October 2023

TVS EUROPE DISTRIBUTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

TVS EUROPE DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TVS EUROPE DISTRIBUTION LIMITED

Opinion

We have audited the financial statements of TVS Europe Distribution Limited ("the company") for the year ended 31 March 2023 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1 and note 48.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

TVS EUROPE DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TVS EUROPE DISTRIBUTION LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts for Revenue and Cash transactions.
- Testing revenue transactions recorded around the year end to ensure they were recorded in the correct period.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards and discussed with the directors the policies and procedures regarding compliance with laws and regulations).

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

TVS EUROPE DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TVS EUROPE DISTRIBUTION LIMITED

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

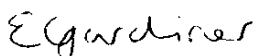
TVS EUROPE DISTRIBUTION LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TVS EUROPE DISTRIBUTION LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.



Emma Gardiner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

20 October 2023

TVS EUROPE DISTRIBUTION LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000	2022 £000
Revenue	4	41,122	36,405
Total income		<u>41,122</u>	<u>36,405</u>
Purchase of traded goods - automobile spares	5	(26,260)	(28,268)
Changes in inventories of finished goods and stock-in-trade	17	(789)	5,155
Employee benefit expenses	8	(4,712)	(4,301)
Other expenses		(6,071)	(4,748)
Total expenses		<u>(37,832)</u>	<u>(32,162)</u>
Operating profit before depreciation and net financing		3,290	4,243
Finance costs	10	(1,714)	(1,690)
Depreciation and amortisation expenses	6	(834)	(876)
Profit before taxation from continuing operations		742	1,677
Income tax expense	11	(186)	(31)
Profit for the year	31	<u>556</u>	<u>1,646</u>
Profit for the financial year is attributable to:			
- Owners of the parent company		556	1,520
- Non-controlling interests	23	-	126
		<u>556</u>	<u>1,646</u>

TVS EUROPE DISTRIBUTION LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Profit for the year	<u>556</u>	<u>1,646</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Currency translation differences	<u>(31)</u>	<u>(12)</u>
Total comprehensive income for the year	<u>525</u>	<u>1,634</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	525	1,508
- Non-controlling interests	-	126
	<u>525</u>	<u>1,634</u>

TVS EUROPE DISTRIBUTION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

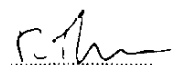
	Notes	2023 £000	2022 £000
Non-current assets			
Goodwill	12	3,581	3,581
Property, plant and equipment	13	9,568	9,666
		<u>13,149</u>	<u>13,247</u>
Current assets			
Inventories	17	9,692	10,481
Trade and other receivables	18	11,381	9,448
Current tax recoverable		182	276
Cash and cash equivalents	28	1,765	1,723
		<u>23,020</u>	<u>21,928</u>
Current liabilities			
Trade and other payables	25	14,399	7,301
Current tax liabilities		90	427
Borrowings	21	8,000	11,360
Lease liabilities	26	438	520
Provisions	27	144	120
		<u>23,071</u>	<u>19,728</u>
Net current (liabilities)/assets		<u>(51)</u>	<u>2,200</u>
Non-current liabilities			
Lease liabilities	26	10,918	11,188
Deferred tax liabilities		212	64
		<u>11,130</u>	<u>11,252</u>
Net assets		<u>1,968</u>	<u>4,195</u>
Equity			
Called up share capital	29	8,867	8,867
Share premium account	30	1,456	1,456
Retained earnings	31	(8,355)	(6,656)
Equity attributable to owners of the parent company		<u>1,968</u>	<u>3,667</u>
Non-controlling interests		-	528
Total equity		<u>1,968</u>	<u>4,195</u>

TVS EUROPE DISTRIBUTION LIMITED

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the board of directors and authorised for issue on 18/10/23 and are signed on its behalf by:



R C Thomas
Director

TVS EUROPE DISTRIBUTION LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000	Non- controlling interest £000	Total £000
Balance at 1 April 2021	8,867	1,456	(8,164)	2,159	402	2,561
Year ended 31 March 2022:						
Profit for the year	-	-	1,520	1,520	126	1,646
Other comprehensive income:						
Currency translation differences	-	-	(12)	(12)	-	(12)
Total comprehensive income for the year	-	-	1,508	1,508	126	1,634
Balance at 31 March 2022	8,867	1,456	(6,656)	3,667	528	4,195
Year ended 31 March 2023:						
Profit for the year	-	-	556	556	-	556
Other comprehensive income:						
Currency translation differences	-	-	(31)	(31)	-	(31)
Total comprehensive income for the year	-	-	525	525	-	525
Purchase of shares in subsidiary from non-controlling interest	-	-	-	-	(2,752)	(2,752)
Other movements	-	-	(2,224)	(2,224)	2,224	-
Balance at 31 March 2023	8,867	1,456	(8,355)	1,968	-	1,968

TVS EUROPE DISTRIBUTION LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£000	£000	£000	£000
Profit for the year after tax		556		1,646
Adjustments for:				
Taxation credited		186		31
Finance costs		1,714		1,690
Investment income		-		-
Amortisation and impairment of intangible assets		-		-
Depreciation and impairment of property, plant and equipment		834		876
Decrease/(Increase) in fair value of fixed asset investments		-		-
Exchange differences		(31)		(13)
Movements in working capital:				
Decrease/(increase) in inventories		789		(5,155)
Increase in trade and other receivables		(1,933)		611
Increase in trade and other payables		1,624		1,257
Cash generated from/(absorbed by) operations		3,739		943
Interest paid		(1,714)		(1,690)
Tax (paid)/refunded		(281)		190
Net cash inflow/(outflow) from operating activities		1,744		(557)
Investing activities				
Purchase of intangible assets	-		(87)	
Purchase of property, plant and equipment	(611)		(461)	
Proceeds from disposal of subsidiary	-		8,000	
Net cash (used in)/generated from investing activities		(611)		7,452
Financing activities				
Movement on borrowings	(3,839)		(8,489)	
New loan from related party	5,500		-	
Purchase of shares in subsidiary from non-controlling interest	(2,752)		-	
Net cash used in financing activities		(1,091)		(8,489)
Net increase/(decrease) in cash and cash equivalents		42		(1,594)
Cash and cash equivalents at beginning of year		(6,277)		(4,683)
Cash and cash equivalents at end of year		(6,235)		(6,277)
Relating to:				
Bank balances and short term deposits		1,765		1,723
Revolving credit facility		(8,000)		(8,000)

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

TVS Europe Distribution Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Ashroyd Business Park, Ashroyds Way, Hoyland, Barnsley, S74 9SB. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of TVS Europe Distribution Ltd and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Group is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 38.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations - Business combinations that took place prior to 1 April 2019 have not been restated.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated financial statements incorporate those of TVS Europe Distribution Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. The group has not consolidated 3G Truck & Trailer Parts Ltd due to integration restrictions arising in connection with an ongoing CMA merger investigation. The investment has been accounted for at fair value through profit and loss. All financial statements are made up to 31 March 2023.

Some subsidiaries, which are included within the consolidated financial statements, are exempt from audit under S479A of the Companies Act 2006, namely Wrea Hurst Parts Distribution Limited, TVS Auto Electrics Limited, ACB Auto Electrics Limited, Epitomy Solutions Limited, Diplomat Lease and Hire Ltd and Scuderia Tuning Parts Ltd.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

The excess of the cost of a business combination over the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in profit or loss as a gain or loss on disposal.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

TVS Europe Distribution Ltd ("the group") meets its day to day working capital requirements from a revolving credit facility (see note 23), together with operational cash flows and intercompany loan.

At the balance sheet date, the Group had a £8,000k revolving credit facility with Axis bank with a renewal date of 8 June 2024. The facility is guaranteed by TVS Automobile Solutions Private Limited ("the ultimate parent company"). The revolving credit facility of £8,000k is by its nature repayable on demand. Covenants on the RCF are tested based on performance at the ultimate group level. At 31 March 2023 the covenants were not met and the bank has agreed to waive the breach and confirmed that the covenants will no longer be tested. During the year the bank loan of £3,360k was fully repaid.

Additionally, the Group has a related party loan and other payable balance of £8.5m, £7.5m of which is due to a fellow subsidiary, Scuderia Car Parts Limited.

The directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in reasonably possible downsides, the group will require additional funds, through funding from its ultimate parent company, TVS Automobile Solutions Private Limited, to meet its liabilities as they fall due during 12-month period ending September 2024, the going concern assessment period.

In determining whether the group's annual financial statements can be prepared on a going concern basis, the directors have considered the group's business activities, together with the factors likely to affect its future development and performance. The review also includes the financial position of the company and the group, their cash flows, liquidity position and borrowing facilities. The key factors considered by the directors were as follows:

- the impact of the competitive environment within which the group's businesses operates; and
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected.

TVS Automobile Solutions Private Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due to the fellow subsidiary, which at 31 March 2023 amounted to £7.6m, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Revenue

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax. Turnover is recognised once goods have been despatched or services provided and is representative of the Group fulfilling its contractual performance obligations with regards to activities performed under each contractual arrangement.

Sale of goods

The sale of motor and commercial vehicle parts is recognised when goods are dispatched to the customers.

Sale of services

The tuning of specialist sports cars is recognised when the service is performed.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line
Fixtures and fittings	between 20% straight line and 33% straight line
Plant and equipment	20% straight line
Office equipment	between 20% straight line and 33% straight line
Motor vehicles	20% straight line
Right of use assets	over the life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.9 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The parent company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.13 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.14 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event and it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and 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 other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, 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.

The group 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, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current

3 Critical accounting estimates and judgements

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities disclosed within the financial statements.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Revenue

The total turnover of the group for the year has been derived from its principal activities.

	2023 £000	2022 £000
--	--------------	--------------

Revenue analysed by class of business

Distribution of parts and accessories	41,122	36,405
---------------------------------------	--------	--------

	2023 £000	2022 £000
--	--------------	--------------

Timing of revenue recognition

Goods & services transferred at a point in time	41,122	36,405
---	--------	--------

	2023 £000	2022 £000
--	--------------	--------------

Revenue analysed by geographical market

UK	29,159	25,609
Europe	8,935	8,295
Rest of the World	3,028	2,501
	41,122	36,405

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2023 £000	2022 £000
--	--------------	--------------

Receivables, which are included in trade and other receivables	9,213	8,488
Contract liabilities	-	-

Contract liabilities relate to payments received from customers in advance of receiving the goods.

Reconciliation of revenue from sale of products/services with the contracted price:

	2023 £000	2022 £000
--	--------------	--------------

Revenue as per contracted price	43,126	38,381
Less: Trade discount and volume rebates	(2,004)	(1,976)
Revenue as per income statement	41,122	36,405

5 Purchase of traded goods - automobile spares

	2023 £000	2022 £000
--	--------------	--------------

Purchase of traded goods - automobile spares	26,260	28,268
--	--------	--------

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Depreciation and amortisation expense

	2023 £000	2022 £000
Depreciation on Right of Use Assets	633	698
Depreciation of property, plant & equipment	201	178
	<u>834</u>	<u>876</u>

7 Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30	27
Audit of the financial statements of the company's subsidiaries	39	34
	<u>69</u>	<u>61</u>

8 Employee benefit expenses

The average monthly number of persons (including directors) employed by the group during the year was:

	2023 Number	2022 Number
Management	2	2
Sales	14	15
Warehouse	112	93
Administration	24	24
Total	<u>152</u>	<u>134</u>

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	4,249	3,913
Social security costs	369	312
Pension costs	94	69
Gratuity expenses	-	7
	<u>4,712</u>	<u>4,301</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Directors' remuneration

	2023 £000	2022 £000
Remuneration for qualifying services	540	457
Company pension contributions to defined contribution schemes	4	14
	<u>544</u>	<u>471</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £000	2022 £000
Remuneration for qualifying services	433	398
Company pension contributions to defined contribution schemes	-	13
	<u>-</u>	<u>13</u>

The number of directors on whose behalf the company made pension contributions was 1 (2022: 2).

10 Finance costs

	2023 £000	2022 £000
Interest on bank overdrafts and loans	1,193	1,153
Interest on lease liabilities	521	537
	<u>1,714</u>	<u>1,690</u>

11 Income tax expense

	2023 £000	2022 £000
Current tax		
UK corporation tax on profits for the current period	65	31
Adjustments in respect of prior periods	(25)	-
	<u>40</u>	<u>31</u>
Total UK current tax	40	31
Foreign taxes and reliefs	(2)	-
	<u>38</u>	<u>31</u>
Deferred tax		
Origination and reversal of temporary differences	148	-
	<u>148</u>	<u>-</u>
Total tax charge	<u>186</u>	<u>31</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2023 £000	2022 £000
Profit before taxation	<u>742</u>	<u>1,677</u>
Expected tax charge based on a corporation tax rate of 19.00% (2022: 19.00%)	141	319
Effect of expenses not deductible in determining taxable profit	70	44
Adjustment in respect of prior years	(25)	(339)
Permanent capital allowances in excess of depreciation	-	8
Other permanent differences	-	(1)
Taxation charge for the year	<u>186</u>	<u>31</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Income tax expense

(Continued)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

At the year end the group had the following income tax balances:

	2023 £000	2022 £000
Income tax assets	182	276
Current tax liabilities	(90)	(427)

Movement in income tax assets

Balance at the beginning of the year	276	52
Add: Taxes paid/(refunds) (net)	(94)	224
Balance at the end of the year	182	276

Movement in current tax liabilities

	2023 £000	2022 £000
Balance at the beginning of the year	427	3
Add: Provision during the year	38	10
Less: Taxes paid (net)	(375)	414
Balance at the end of the year	90	427

Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	ACAs £000	Total £000
Deferred tax liability at 1 April 2021	43	43
Credited to profit or loss	21	21
Deferred tax liability at 1 April 2022	64	64
Credited to profit or loss	148	148
Balance at the end of the year	212	212

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Income tax expense

(Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following tax losses, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom

	Gross amount £000	2023 Tax effect £000	Gross amount £000	2022 Tax effect £000
Tax losses	117	117	117	117
	<u>117</u>	<u>117</u>	<u>117</u>	<u>117</u>

12 Intangible assets

Goodwill
£000

Cost

At 1 April 2021 11,716

Additions 87

At 31 March 2022 11,803

At 31 March 2023 11,803

Amortisation and impairment

At 1 April 2021 8,222

At 31 March 2022 8,222

At 31 March 2023 8,222

Carrying amount

At 31 March 2023 3,581

At 31 March 2022 3,581

At 1 March 2021 3,494

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Intangible assets

(Continued)

Impairment tests for cash generating units

Goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or Groups of cash generating units. For the purpose of impairment testing of goodwill and other indefinite life assets, the Directors recognise the Group's cash generating units ("CGU") to be connected groupings of dealerships. The identified CGUs, grouped for allocation of goodwill are as follows:

	2023 £000	2022 £000
UCUK	2,935	2,935
Epitomy	639	639
Others without significant goodwill	7	7
	<u>3,581</u>	<u>3,581</u>

The recoverable amount of the cash generating units has been calculated with reference to their value in use. These calculations use projections based on financial budgets approved by the Board of Directors which are extrapolated using an estimated growth rate. The budgets were prepared to 31 March 2024 and then projected for a further 4 years. The underlying expected performance of the CGU gives sufficient headroom using conservative assumptions, a growth rate of 5% (2022: 5%) was applied, and a terminal value was included with a 0% (2022: 0%) growth rate in perpetuity. The discount rate used is 10% (2022: 10%).

The Directors have determined that the value in use of the CGU's is far in excess of the recoverable amounts and as such do not consider that any reasonably possible change in a key assumptions would cause the CGU's carrying amount to exceed its recoverable amount.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Property, plant and equipment									
	Leasehold improvements	Plant and equipment	Fixtures and fittings	Office equipment	Motor vehicles	Right of use assets	Total		
	£000	£000	£000	£000	£000	£000	£000		
Cost									
At 1 April 2021	278	127	813	620	77	10,877	12,792		
Additions	-	15	185	28	30	203	461		
Disposals	-	-	-	-	(12)	(99)	(111)		
At 31 March 2022	278	142	998	648	95	10,981	13,142		
Additions	-	15	459	60	77	127	738		
Disposals	(10)	(41)	(242)	(192)	(10)	(206)	(701)		
At 31 March 2023	268	116	1,215	516	162	10,902	13,179		
Accumulated depreciation and impairment									
At 1 April 2021	158	103	649	564	1£	1,219	2,711		
Charge for the year	16	15	94	37	1£	698	876		
Eliminated on disposal	-	-	-	-	(12)	(99)	(111)		
At 31 March 2022	174	118	743	601	22	1,818	3,476		
Charge for the year	5	11	127	25	33	633	834		
Eliminated on disposal	(10)	(41)	(242)	(192)	(10)	(204)	(699)		
At 31 March 2023	169	88	628	434	45	2,247	3,611		
Carrying amount									
At 31 March 2023	99	28	587	82	117	8,655	9,568		
At 31 March 2022	104	24	255	47	73	9,163	9,666		

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The Group has lease contracts for various items of property, plant, machinery, vehicles and other equipment used in its operations. Leases of property and plant & machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2023	2022
	£000	£000
Net values at the year end		
Property	8,445	8,910
Plant and equipment	210	253
	<u>8,655</u>	<u>9,163</u>
Total additions in the year	<u>127</u>	<u>203</u>
Depreciation charge for the year		
Property	467	521
Plant and equipment	166	177
	<u>633</u>	<u>698</u>

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Subsidiaries

(Continued)

Name of undertaking	Address	Principal activities	Class of shares held	% Held	
				Direct	Indirect
Universal Components UK Limited	England & Wales (1)	Distribution of commercial parts	Ordinary	100.00	-
* Wrea Hurst Parts Distribution Limited	England & Wales (1)	Dormant	Ordinary	-	100.00
* TVS-EPD Inc	USA (2)	Procurement services	\$1 shares	-	100.00
* Kellett (UK) Limited	England & Wales (1)	Dormant	Ordinary	-	100.00
TVS Auto Electrics Limited	England & Wales (1)	Distribution of auto electrical parts	Ordinary	100.00	-
** ACB Auto Electrics Limited	England & Wales (1)	Auto electrical services	Ordinary	-	100.00
Epitomy Solutions Limited	England & Wales (5)	IT Services	Ordinary	100.00	-
Diplomat Lease and Hire Ltd	England & Wales (1)	Distribution of supercars	Ordinary	100.00	-
Scuderia Tuning Parts Ltd	England & Wales (1)	Distribution of tuning parts and services for supercars	Ordinary	100.00	-
*UC Africa (Pty) Ltd	South Africa (4)	Distribution of commercial parts	Ordinary	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Ashroyd Business Park, Ashroyds Way, Hoyland, Barnsley, S74 9SB
- 2 1414 Hoff Industrial Drive, O'Fallon, Missouri 63366, USA
- 3 Hawk Works, 109 Mary Street, Sheffield, S1 4RT
- 4 17 Kenwill Drive, Okavango Park, Brakenfell North, Cape Town, 7560
- 5 Logistics House, Buckshaw Avenue, Chorley, PR6 7AJ

* Held via Universal Components UK Limited

** Held via TVS Auto Electrics Limited

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries with material Non-Controlling Interests, before intra-group eliminations.

Universal Components UK Limited

	2023 £000	2022 £000
NCI Percentage	0%	5%
Non-current assets	-	9,637
Current assets	-	25,039
Non-current liabilities	-	(11,188)
Provisions	-	(184)
Current liabilities	-	(12,736)
Net assets	-	10,568
Net assets attributable to NCI	-	528
Revenue	-	34,904
Profit	-	2,530
OCI	-	-
Total comprehensive income	-	2,530
Profit allocated to NCI	-	126

Details of the movements in the Group's other NCI's have not been disclosed as they are not considered to be material.

During the year the group acquired the remaining 5% non-controlling interest in Universal Components UK Limited for consideration of GBP 2.752 million. As goodwill is already reflected for the original purchase of the company then this has been reflected within reserves. The minority interest reserve has therefore been released to the profit and loss reserve.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

16 Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The carrying amount of financial assets represents the maximum credit risk exposure at the reporting date. Trade receivables and unbilled revenue, if any are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

Trade receivables and loans

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from external customers. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

On account of adoption of IFRS9, the Group uses an expected credit loss model to assess the impairment loss or gain. The Group has used a simplified approach for its trade receivables and other receivables to compute loss allowance. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Group's trade receivables, certain loans and advances and other financial assets.

No single customer accounted for more than 10% of the trade receivables as of 31 March 2023 and as such, there is no significant concentration of credit risk.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

The group does not hold any collateral or other credit enhancements to cover this credit risk.

Cash and bank balances

The Group holds cash and bank balances of £1,765,000 at 31 March 2023 (31 March 2022: £1,723,000). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

Credit risk arises from cash and cash equivalents, deposits with banks and credit exposures to customers including outstanding receivables with dealers and advances given to vendors and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

17 Inventories

	2023 £000	2022 £000
Finished goods	9,692	10,481

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Inventories

(Continued)

The carrying amount of inventories includes £nil (2022 - £nil) pledged as security for liabilities.

At the year end the group recognised goods in transit totalling £nil (2022: £nil).

At the year end the group recognised provisions against inventories totalling £660,000 (2022: £778,000). The movement on the provision during the year was as follows:

	2023 £000	2022 £000
Provision as at beginning of the year	778	715
Provision in year	-	63
Utilised in the year	(118)	-
Provision as at end of the year	660	778

Changes in inventories of finished goods, work-in-progress and stock-in-trade for continuing activities:

	2023 £000	2022 £000
Inventories at the end of the year for continuing activities		
Traded goods - automobile spare parts	9,692	10,481
Inventories at the beginning of the year for continuing activities		
Traded goods - automobile spare parts	10,481	5,326
Total Changes in inventories of finished goods, work-in-progress and stock-in-trade for continuing activities	(789)	5,155

18 Trade and other receivables

	2023 £000	2022 £000
Trade receivables due from related parties	-	-
Other trade receivables	9,313	8,751
Provision for bad and doubtful debts	(100)	(263)
	9,213	8,488
VAT recoverable	25	26
Amounts owed by fellow group undertakings	100	100
Amounts owed by related parties	659	82
Other receivables	636	152
Prepayments	748	600
	11,381	9,448

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Trade and other receivables

(Continued)

At the year end the group recognised provisions against trade receivables totalling £100,000 (2022: £263,000). The movement on the provision during the year was as follows:

	2023 £000	2022 £000
Provision as at beginning of the year	263	5
Provision in year	-	258
Utilised in the year	(163)	-
	<u>100</u>	<u>263</u>

Other receivables are made up as follows:

	2023 £000	2022 £000
Advances for goods	636	152
	<u>636</u>	<u>152</u>

19 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	Carrying value		Fair value	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade receivables net of allowances	9,213	8,488	9,213	8,488
Other debtors	636	152	636	152
Prepayments	748	600	748	600
	<u>10,597</u>	<u>9,240</u>	<u>10,597</u>	<u>9,240</u>

Ageing of past due but not impaired receivables

	2023 £000	2022 £000
Not due	8,630	5,858
Past due 1 - 90 days	341	2,125
Past due 90 - 180 days	183	505
Past due more than 180 days	59	-
	<u>9,213</u>	<u>8,488</u>

No significant receivable balances are impaired at the reporting end date.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Cash and Cash Equivalents and Other Bank Balances

	2023 £000	2022 £000
Balances with banks:		
– On current accounts	1,765	1,723
Cash and Cash Equivalents in the statement of financial position	1,765	1,723
Revolving credit facility	(8,000)	(8,000)
Cash and Cash Equivalents in the statement of cashflows	(6,235)	(6,277)

21 Borrowings

	2023 £000	2022 £000
Borrowings held at amortised cost:		
Revolving credit facility	8,000	8,000
Bank loans	-	3,360
Loans from related parties	5,500	-
	2023	2022
	£000	£000
Secured borrowings included above:		
Bank overdrafts	8,000	8,000
Bank loans	-	3,360
	8,000	11,360

The group has a loan totalling £nil (2022: £3,360,000). The loan was being repaid in 8 quarterly instalments of £437,500 commencing 24 months from the first draw down date. This loan was fully repaid during the year

The revolving credit facility is by its nature repayable on demand and the annual renewal date is 8 June 2024. Interest is charged at 3.55% plus LIBOR.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

21 Borrowings

(Continued)

The group's banking facilities are secured by way of fixed and floating charges over the subsidiary undertaking, Universal Components UK Limited, and on all property and assets of the subsidiary undertaking.

The company's bank loan is secured on the issued share capital of the subsidiary undertaking together with a corporate guarantee from the subsidiary undertaking and a floating charge over the assets of the subsidiary undertaking.

The group has net current liabilities which is principally due to the revolving credit facility of £8,000k, which is by its nature repayable on demand and has covenants attached to it at group level. The covenants were not met as at 31 March 2023 and the bank agreed to waive the covenants until the next review period which is 31 March 2024. There are no indications that support will be withdrawn from the bank or group.

During the year the group received a new loan from a related company totalling £5,500,000. This loan is repayable on demand and interest is charged at 9.3% per annum.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Short-term borrowings	Long-term borrowings (including current maturities)	Lease liabilities
	£000	£000	£000
Balance as at April 1, 2021	(4,448)	(11,460)	(12,097)
Repayment of long term borrowings	-	8,100	-
Repayment of short term borrowings	4,448	-	-
Payment of lease liabilities	-	-	926
Interest expense	-	(1,153)	(537)
Interest paid	-	1,153	-
Balance as at March 31, 2022	-	(3,360)	(11,708)
Repayment of long term borrowings		3,360	
Repayment of short term borrowings			
Payment of lease liabilities			1,000
New loans/leases	(5,500)		(127)
Interest expense		(329)	(521)
Interest paid		329	-
Balance as at March 31, 2023	(5,500)	-	(11,356)

22 Fair value of financial instruments

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the balance sheet approximates their fair value.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Fair value of financial instruments

(Continued)

	2023		2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
	£000	£000	£000	£000
Loans	-	659	-	82
Trade Receivables	-	9,213	-	8,488
Other receivables	-	1,409	-	778
Cash and Cash Equivalents	-	1,765	-	1,723
Total Financial Assets	-	13,046	-	11,071

	2023		2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
	£000	£000	£000	£000
Financial Liabilities				
Borrowings	-	(8,000)	-	(11,360)
Trade Payables	-	(4,662)	-	(4,496)
Lease Liability	-	(438)	-	(520)
Long term lease obligations	-	(10,918)	-	(11,188)
Loan from related party	-	(5,500)	-	-
Others	-	(4,237)	-	(2,805)
Total Financial Liabilities	-	(33,755)	-	(30,369)

	2023	2022	Fair Value Hierarchy (Level 1,2,3)*	Valuation Technique
	£000	£000		
Investments	-	-	2	The investment in unquoted shares have been measured against other observable market data
Trade Receivables	9,213	8,488	3	Measured at amortised cost
Other financial assets	1,409	778	3	Measured at amortised cost
Cash and Cash Equivalents	1,765	1,723		
	12,387	10,989		
Borrowings	(8,000)	(11,360)	3	Measured at amortised cost
Trade Payables	(4,662)	(4,496)	3	Measured at amortised cost
Other financial liabilities	(15,593)	(14,513)	3	Measured at amortised cost
	(28,255)	(30,369)		

* Fair Value Hierarchy (Level 1,2,3)

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Fair value of financial instruments

(Continued)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

23 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table details the remaining contractual maturity for the group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the group may be required to pay.

	Less than 1 month £000	1 – 3 months £000	3 months to 1 year £000	1 – 5 years £000	5+ years £000	Total £000
At 31 March 2022						
Bank loans	-	438	1,314	1,608	-	3,360
Finance leases	43	129	344	1,804	9,388	11,708
Revolving credit facility	8,000	-	-	-	-	8,000
Trade payables	4,496	-	-	-	-	4,496
Parent company loan	68	-	-	-	-	68
Other payables	2,737	-	-	-	-	2,737
	<u>15,344</u>	<u>567</u>	<u>1,658</u>	<u>3,412</u>	<u>9,388</u>	<u>30,369</u>
At 31 March 2023						
Finance leases	40	79	319	1,477	9,441	11,356
Revolving credit facility	8,000	-	-	-	-	8,000
Trade payables	4,662	-	-	-	-	4,662
Parent company loan	195	-	-	-	-	195
Related party loan	5,500	-	-	-	-	5,500
Other payables	4,042	-	-	-	-	4,042
	<u>22,439</u>	<u>79</u>	<u>319</u>	<u>1,477</u>	<u>9,441</u>	<u>33,755</u>

The Group has secured bank loans that contain loan covenants. A future breach of covenants may require the Group to repay the loans earlier than indicated in the above table.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

24 Market risk

Market risk management

The Group's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual credit profile of each customer and the concentration of risk from the top few customers.

The risk management objective of the Group is to hedge risk of change in the foreign currency exchange rates associated with it's direct & indirect transactions denominated in foreign currency. Since most of the transactions of the Group are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Group and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

Foreign exchange risk

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	Assets		Liabilities	
	2023	2022	2023	2022
	£000	£000	£000	£000
Financial assets				
Euro				
Trade receivables	1,234	1,829	-	-
Advances	-	-	-	-
Cash	117	154	-	-
US Dollar				
Trade receivables	329	305	-	-
Advances	-	-	-	-
Cash	74	20	-	-
Financial liabilities				
Euro				
Trade payables	-	-	1,170	1,105
Payments on account	-	-	-	-
US Dollar				
Trade payables	-	-	99	183
Payments on account	-	-	-	-
	<u>1,754</u>	<u>2,308</u>	<u>1,269</u>	<u>1,288</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Market risk

(Continued)

The Group is mainly exposed to US Dollar and EURO currencies. The following table details the Group's sensitivity to a 5% increase and decrease against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the £ strengthens by 5% against the relevant currency. For a 5% weakening of the £ against the relevant currency, there would be a opposite impact on the profit or equity.

	Currency USD impact		Currency EUR impact	
	2023 £000s	2022 £000s	2023 £000s	2022 £000s
Impact on profit or loss for the year				
- Increase by 5%	15	127	9	32
- Decrease by 5%	(15)	(127)	(9)	(32)
Impact on other components of equity as at the end of the reporting period				
- Increase by 5%	-	10	-	-
- Decrease by 5%	-	(10)	-	-

In management's opinion, the sensitivity analysis is not a complete reflection of the inherent foreign exchange risk considering the fact that the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

The Group adopts appropriate policies to ensure that the interest rate risk exposure is minimised. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate.

The carrying amounts of financial liabilities which expose the group to cash flow interest rate risk are as follows:

	2023 £000	2022 £000
Revolving credit facility	8,000	8,000
Bank loans	-	3,360
	<u>8,000</u>	<u>11,360</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

24 Market risk

(Continued)

An increase of 0.5 basis points in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for comparative periods.

	2023 £000	2022 £000
Equity		
Decrease	40	57
Profit or loss		
Decrease	40	57

25 Trade and other payables

	2023 £000	2022 £000
Trade payables owed to related parties	-	-
Other trade payables	4,662	4,496
Amount owed to parent undertaking	195	68
Amounts owed to related parties	8,329	1,595
Accruals	549	573
Social security and other taxation	626	549
Other payables	38	20
	<u>14,399</u>	<u>7,301</u>

Other payables are made up as follows:

	2023 £000	2022 £000
Wages payable	-	20

26 Lease liabilities

	2023 £000	2022 £000
Maturity analysis		
Within one year	938	1,037
In two to five years	3,308	3,096
In over five years	12,636	13,559
Total undiscounted liabilities	<u>16,882</u>	<u>17,692</u>
Future finance charges and other adjustments	(5,526)	(5,984)
Lease liabilities in the financial statements	<u>11,356</u>	<u>11,708</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023 £000	2022 £000
Current liabilities	438	520
Non-current liabilities	10,918	11,188
	<u>11,356</u>	<u>11,708</u>

	2023 £000	2022 £000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	521	537
Expenses relating to short- term leases	-	1
Depreciation charge for right-of-use assets by class of underlying asset	633	698
	<u>633</u>	<u>698</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

The following is the movement in lease liabilities:

	2023 £000	2022 £000
Balance as on 1st April	11,708	12,097
Additions	127	-
Finance costs accrued during the period	521	537
Payment of Lease liabilities	(1,000)	(926)
	<u>11,356</u>	<u>11,708</u>

Amounts recognized/disclosed in cash flow statement:

	2023 £000	2022 £000
Total cash outflows for leases	<u>1,000</u>	<u>926</u>

27 Provisions for liabilities

	2023 £000	2022 £000
Dilapidations	<u>144</u>	<u>120</u>

All provisions are expected to be settled within 12 months from the reporting date.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

27 Provisions for liabilities (Continued)

Movements on provisions.

£000

At 1 April 2021	96
Additional provisions in the year	24
At 1 April 2022	120
Additional provisions in the year	24
At 31 March 2023	144

The dilapidations provision is now in relation to the Barnsley site. This provision may not be utilised by the end of the next financial year.

28 Retirement benefit schemes

	2023 £000	2022 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	94	69

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

29 Share capital

	2023 Number	2022 Number	2023 £000	2022 £000
Ordinary share capital				
<i>Issued and fully paid</i>				
Ordinary of £1 each	8,867,238	8,867,238	8,867	8,867

30 Share premium account

	2023 £000	2022 £000
At the beginning and end of the year	1,456	1,456

The excess of consideration received for shares issued above their nominal value net of transaction costs.

31 Retained earnings

Cumulative profits and losses, net of distributions to owners.

32 Other leasing information

Expense relating to short-term leases	-	1
---------------------------------------	---	---

Information relating to lease liabilities is included in note 26.

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

33 Contingent liabilities

The company will issue a guarantee under section 479C of the Companies Act 2006 for the year ended 31 March 2023 in respect of some subsidiaries, namely Wrea Hurst Parts Distribution Limited, TVS Auto Electrics Limited, ACB Auto Electrics Limited, Epitomy Solutions Limited, Scuderia Tuning Parts Ltd and Diplomat Lease and Hire Ltd.

The company guarantees all outstanding liabilities to which the subsidiary companies are subject to as at 31 March 2023, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary companies are liable in respect of those liabilities. The subsidiaries have taken advantage of the exemption from the audit by virtue of section 479A of the Companies Act 2006.

34 Capital commitments

At 31 March 2023 the Group had not entered into any contractual obligations to purchase property, plant and equipment following the year end (2022: £nil).

35 Capital risk management

The group is not subject to any externally imposed capital requirements.

36 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

Other transactions with related parties

During the year the group entered into the following transactions with related parties:

	Interest and trade income received		Administrative and interest expenses incurred	
	2023	2022	2023	2022
	£000	£000	£000	£000
Parent company	-	-	125	329
Other related parties	384	-	424	471
	<u>384</u>	<u>-</u>	<u>549</u>	<u>800</u>

The following amounts were outstanding at the reporting end date:

	2023	2022
	£000	£000
Amounts due to related parties		
Parent company	195	68
Other related parties	8,329	1,595
	<u>8,524</u>	<u>1,663</u>

TVS EUROPE DISTRIBUTION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

36 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2023 £000	2022 £000
Amounts due from related parties		
Other related parties	659	82

All outstanding balances with these related parties are priced on an arm's length basis. Interest is charged on the parent company loan at 9.3%. None of the balances are secured. No expenses have been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

Other information

The group has taken advantage of the exemption under IAS24 from disclosing transactions with group companies which are 100% owned within the group and form part of these consolidated financial statements.

Remuneration of key management personnel

The total remuneration of the directors and other employees who are considered to be key management personnel of the group was £544k (2022: £471k).

37 Events after the reporting date

There are no post balance sheet events to disclose.

38 Ultimate parent company and controlling party

The company is controlled by TVS Automobile Solutions Private Limited, a company registered in India.

The ultimate parent and ultimate controlling party is TVS Automobile Solutions Private Limited, a company registered in India.

The consolidated financial statements of this group are available to the public from the Ministry of Corporate Affairs, India.

TVS EUROPE DISTRIBUTION LTD

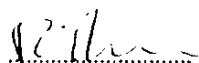
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Investments	41	14,938	12,186
Current assets			
Trade and other receivables	42	94	487
Current tax recoverable		181	276
Cash and cash equivalents		414	398
		689	1,161
Current liabilities	43	(13,082)	(10,035)
Net current liabilities		(12,393)	(8,874)
Total assets less current liabilities		2,545	3,312
Equity			
Called up share capital	47	8,867	8,867
Share premium account		1,456	1,456
Retained earnings		(7,778)	(7,011)
Total equity		2,545	3,312

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £767000 (2022 - £1355000 loss).

The financial statements were approved by the board of directors and authorised for issue on 18/10/23 and are signed on its behalf by:



R C Thomas
Director

Company Registration No. 7839757

TVS EUROPE DISTRIBUTION LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium account	Retained earnings	Total
	£000	£000	£000	£000
Balance at 1 April 2021	8,867	1,456	(5,656)	4,667
Year ended 31 March 2022:				
Loss and total comprehensive income for the year	-	-	(1,355)	(1,355)
Balance at 31 March 2022	<u>8,867</u>	<u>1,456</u>	<u>(7,011)</u>	<u>3,312</u>
Year ended 31 March 2023:				
Loss and total comprehensive income for the year	-	-	(767)	(767)
Balance at 31 March 2023	<u><u>8,867</u></u>	<u><u>1,456</u></u>	<u><u>(7,778)</u></u>	<u><u>2,545</u></u>

TVS EUROPE DISTRIBUTION LTD

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39 Accounting policies

Company information

TVS Europe Distribution Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Ashroyd Business Park, Ashroyds Way, Hoyland, Barnsley, S74 9SB. The company's principal activities and nature of its operations are disclosed in the directors' report.

39.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The company applies accounting policies consistent with those applied by the group. To the extent that an accounting policy is relevant to both group and parent company financial statements, please refer to the group financial statements for disclosure of the relevant accounting policy.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

39.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

40 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Management	2	2

TVS EUROPE DISTRIBUTION LTD

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

41 Investments

	Current 2023 £000	2022 £000	Non-current 2023 £000	2022 £000
Investments in subsidiaries	-	-	14,938	12,186

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Investment in subsidiary undertakings

Details of the company's principal operating subsidiaries are included in note 16.

Movements in non-current investments

	Shares in subsidiaries £000
Cost or valuation	
At 1 April 2022	12,186
Additions	2,752
At 31 March 2023	14,938
Carrying amount	
At 31 March 2023	14,938
At 31 March 2022	12,186

During the year the company acquired the remaining 5% non-controlling interest in Universal Components UK Limited for consideration of £2.752 million.

42 Trade and other receivables

	2023 £000	2022 £000
VAT recoverable	8	26
Amounts owed by fellow group undertakings	63	63
Amounts owed by related parties	23	23
Prepayments	-	375
	94	487

TVS EUROPE DISTRIBUTION LTD

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

43 Liabilities

	Notes	2023 £000	2022 £000
Borrowings	44	-	3,360
Trade and other payables	45	13,082	6,675
		<u>13,082</u>	<u>10,035</u>

44 Borrowings

	2023 £000	2022 £000
Borrowings held at amortised cost:		
Bank loans	-	3,360
Loans from related parties	5,500	-
	<u>5,500</u>	<u>3,360</u>

The group has a loan totalling £nil (2022: £3,360,000). The loan was being repaid in 8 quarterly instalments of £437,500 commencing 24 months from the first draw down date. The loan was fully repaid during the year.

The group's banking facilities are secured by way of fixed and floating charges over the subsidiary undertaking, Universal Components UK Limited, and on all property and assets of the subsidiary undertaking.

The company's bank loan is secured on the issued share capital of the subsidiary undertaking together with a corporate guarantee from the subsidiary undertaking and a floating charge over the assets of the subsidiary undertaking.

During the year the company received a new loan from a related company totalling £5,500,000. This loan is repayable on demand and interest is charged at 9.3% per annum.

45 Trade and other payables

	2023 £000	2022 £000
Trade payables	-	104
Amount owed to parent undertaking	195	68
Amounts owed to fellow group undertakings	4,454	4,843
Amounts owed to related parties	8,317	1,549
Accruals	116	111
	<u>13,082</u>	<u>6,675</u>

Included within amounts owed to related parties, who are 100% owned by the same ultimate parent company, is a loan of £5,500,000 received during the year. The loan is repayable on demand and interest is charged at 9.3% per annum. In addition to this loan there are other creditors owed to the same related parties totalling £2,817,000 (2022: £1,549,000).

TVS EUROPE DISTRIBUTION LTD

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

46 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

47 Share capital

Refer to note 29 of the group financial statements.