

**Ciref Kwik-Fit Stafford Limited**

**Annual report and audited financial statements**

**For the year ended 31 December 2022**

*Registered Number: 5882541*



# Ciref Kwik-Fit Stafford Limited

## Annual report and audited financial statements

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# Ciref Kwik-Fit Stafford Limited

## Company information

### Directors

D. Grant (resigned 31 March 2022)  
S. Oakenfull  
L. Ward (appointed 28 February 2022)

### Registered office

1<sup>st</sup> Floor  
41 Great Pulteney Street  
London  
W1F 9NZ

### Independent auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### Solicitor

CMS Cameron McKenna Nabarro Olswang LLP  
1 The Avenue  
Manchester  
M3 3AP

# Ciref Kwik-Fit Stafford Limited

## Directors' report

The Directors submit their annual report together with the audited financial statements of Ciref Kwik-Fit Stafford Limited ("the Company") for the year ended 31 December 2022.

### Incorporation

Ciref Kwik-Fit Stafford Limited (registered number 5882541) was incorporated in England on the 20 July 2006 under the laws of England & Wales.

### Principal activity

The Company's principal activity was property investment. The Company owned a freehold property portfolio located within a large 'island' site on the A34 Lichfield Road, 500 yards south of Stafford Town Centre.

Part of the portfolio was let to Kwik-Fit (GB) Limited, and the lease was guaranteed by Kwik-Fit Holdings Limited, a prominent automotive repair centre operator. The lease was for a term of 36.5 years from 11 June 2004 and was subject to five yearly rent reviews, to the greater of market rent or 1 per cent uplift per annum compounded over the review period.

The portfolio also included a separate site that was occupied by Johnson's Cleaners UK Limited which was disposed of during the year ended 31 December 2022.

During the period ended December 2021, the Company changed its accounting reference date from 31 August to 31 December. All references to 31 December 2021 therefore refer to the sixteen months ended 31 December 2021, or the date, as context requires.

### Business review

The Company's results for, and financial position at, the year ended 31 December 2022 are set out in full in the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes relating thereto.

The loss before tax for the year ended 31 December 2022 was £10,000 (31 December 2021: profit before tax £264,000). Net liabilities of the Company at 31 December 2022 were £2,427,000 (31 December 2021: £2,417,000).

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

The Directors believe that the principal risks and uncertainties that face the Company are not materially different to those disclosed in the Annual Report of Brightbay Real Estate Partners Limited (Brightbay) for the year ended 31 December 2022 that are publicly available and in which the Company is consolidated.

The investment property portfolio was fully occupied and let, with an average unexpired lease length of 18.0 years.

### Dividend

The Directors do not recommend the payment of a dividend (2021: £nil).

### Significant events during and after the period

On 30 March 2023, the freehold property was disposed of at a sales price of £1,409,000.

### Future developments

Following the sale of the property portfolio, the Company plans to move into liquidation.

### Going concern

In previous years, the Company's financial statements have been prepared on a going concern basis. However, on 30 March 2023 the property portfolio was sold and the Directors determined the company will cease trading and move into liquidation when practical to do so. As the Directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis.

### Directors and Directors' interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are provided below:

D. Grant (resigned 31 March 2022)  
S. Oakenfull  
L. Ward (appointed 28 February 2022)

The Directors did not hold an interest in the shares of the Company at any point during the financial year.

### Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that Director has taken all the necessary steps that they ought to have taken in order to make themselves aware of all relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are 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.

# Ciref Kwik-Fit Stafford Limited

## Directors' report *continued*

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 Company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

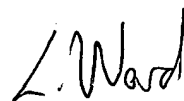
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 Company or to cease operations, or have no realistic alternative but to do so (as explained in Note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 Company and to prevent and detect fraud and other irregularities.

### Strategic report

This report is prepared in accordance with the special provisions relating to small companies in accordance with Section 414(b) of the Companies Act 2006 and as amended by Section 4(3) of the Companies, Partnerships and Group (Accounts and Reports) Regulations 2015. The Directors have taken advantage of the exemption to prepare a Strategic report.

On behalf of the Board



L. Ward  
Director

27 June 2023

# Independent auditor's report to the members of Ciref Kwik-Fit Stafford Limited

## Opinion

We have audited the financial statements of Ciref Kwik-fit Stafford Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of comprehensive income, Statement of financial position and Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the statutory financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 19<sup>th</sup> May 2023. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company 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.

## Emphasis of Matter

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note 1. Our opinion is not modified in respect of this matter.

## 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 management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of meetings of those charged with governance; and
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who are not authorized to post journals and those with unusual combinations of debits and credits;
- Incorporating an element of unpredictability in our audit procedures; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### *Identifying and responding to risks of material misstatement due to non-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 directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management 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.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including 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 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 or impacts on the Company's ability to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and fire safety regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management 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.

# Independent auditor's report to the members of Ciref Kwik-Fit Stafford Limited (continued)

## **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 remains a higher risk of non-detection of fraud, as this 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.

## **Other information**

The directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements, which are intended by them to 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 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 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](http://www.frc.org.uk/auditorsresponsibilities).

## Independent auditor's report to the members of Ciref Kwik-Fit Stafford Limited (continued)

### 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.



**Richard Kelly (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
KPMG LLP  
15 Canada Square  
London  
E14 5GL  
27 June 2023



# Ciref Kwik-Fit Stafford Limited

## Statement of comprehensive income for the year ended 31 December 2022

		Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
	Note		
Revenue	2	82	144
Rental income	2	82	144
Rental expense		(1)	(3)
Net rental income		81	141
Administrative costs and other fees		(9)	(8)
Net operating income	3	72	133
Loss on disposal of investment property	6	(23)	-
Profit on revaluation of investment property	6	-	210
Profit from operations		49	343
Finance expense	4	(59)	(79)
(Loss)/profit before tax		(10)	264
Taxation	5	-	-
(Loss)/profit for the year		(10)	264
Total comprehensive (loss)/income for the year		(10)	264

The notes to the financial statements form an integral part of the financial statements.

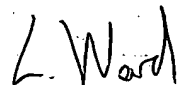
# Ciref Kwik-Fit Stafford Limited

## Balance sheet as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	6	-	1,495
<b>Total non-current assets</b>		-	1,495
<b>Current assets</b>			
Assets held for sale	7	1,235	-
<b>Total current assets</b>		1,235	-
<b>Total assets</b>		1,235	1,495
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	8	-	(928)
<b>Total non-current liabilities</b>		-	(928)
<b>Current liabilities</b>			
Borrowings	8	(3,163)	(2,545)
Trade and other payables	9	(499)	(439)
<b>Total current liabilities</b>		(3,662)	(2,984)
<b>Total liabilities</b>		(3,662)	(3,912)
<b>Net liabilities</b>		(2,427)	(2,417)
<b>Equity</b>			
Share capital	10	481	481
Retained losses		(2,908)	(2,898)
<b>Total equity</b>		(2,427)	(2,417)

The notes to the financial statements form an integral part of the financial statements.

On behalf of the Board



L. Ward  
Director

27 June 2023

# Ciref Kwik-Fit Stafford Limited

## Statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Retained losses £'000	Total equity £'000
Balance at 1 September 2020	481	(3,162)	(2,681)
Profit and total comprehensive income for the period	-	264	264
<b>Balance at 1 January 2022</b>	<b>481</b>	<b>(2,898)</b>	<b>(2,417)</b>
Loss and total comprehensive loss for the year	-	(10)	(10)
<b>Balance at 31 December 2022</b>	<b>481</b>	<b>(2,908)</b>	<b>(2,427)</b>

The notes to the financial statements form an integral part of the financial statements.

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

### 1. Accounting policies

#### Basis of preparation

The financial statements of the Company have not been prepared on a going concern basis in accordance with the Companies Act 2006 ("the Companies Act"), the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 ("the Regulations") and United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The Company's financial statements are presented in Great British Pounds (£), which is the functional and presentational currency of the Company and rounded to the nearest thousand pounds, unless otherwise stated. The financial statements have been prepared under the historical cost convention, except for investment property which is carried at fair value.

FRS 101 sets out a reduced disclosure framework that addresses the financial reporting requirements of, and disclosure exemptions available in, the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the IFRS Interpretations Committee (IFRIC). Amendments are made to the requirements of IFRS where necessary so as to comply with the Companies Act and the Regulations.

The Company, as a qualifying entity, is a member of a group where the parent of that group, Brightbay, prepares consolidated financial statements that are intended to give a true and fair view and the Company is included in the consolidation. Details of where the annual report of Brightbay for the year ended 31 December 2022 can be obtained are disclosed in Note 12.

The relevant new standards, amendments and interpretations that have been adopted, as applicable to the Group and the Company, are as follows:

- Demand deposits with restrictions on use arising from a contract with a third party (IAS 7) – IFRIC agenda paper 3
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Onerous contracts – Cost of fulfilling a contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The adoption of the new standard, other amendments and interpretations has not had a material impact on the financial statements of the Company and has resulted in changes to presentation and disclosure only. The accounting policies otherwise applied are the same as those applied in the audited financial statements as at and for the year ended 31 December 2021.

#### Disclosure exemptions

The Directors have taken advantage of the following disclosure exemptions available under FRS 101:

- The requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - disclosure of new standards and interpretations that have been issued but not yet effective and not applied by the Company;
- The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Certain requirements of paragraphs 91 to 99 of IFRS 13 'Fair value measurement' ("IFRS 13") - disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.
- The requirements of paragraphs 89 to 91 and 93 of IFRS 16 'Leases'.

#### Going concern

In previous years, the Company's financial statements have been prepared on a going concern basis. However, on 30 March 2023 the property portfolio was sold and the Directors determined the company will cease trading and plan to put the Company into liquidation. As the Directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis.

This has resulted in non-current borrowing of £928,000 being reclassified as a current liability with current borrowing increasing to £3,163,000.

#### Significant judgements and estimates

The preparation of financial statements in conformity with FRS 101 requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the year. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ materially from those estimates.

The principal area where an estimate has been made is detailed below:

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

### *Investment property valuation*

The Company uses valuations determined by independent valuers in accordance with IFRS 13 'Fair Value Measurement' ("IFRS 13") as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate market yields. The valuer makes reference to market evidence of transaction prices for similar properties where possible. Further details in respect of assumptions and estimation uncertainties are provided in Note 6.

### **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

### **Rental income**

Rental income from investment property leased out under leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the leases.

Contingent rents are recognised as they arise. Rent reviews are recognised as income or as a reduction thereof from the date it is probable that the revised terms will be agreed.

### **Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income.

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income that are not taxable or expenses that are not tax deductible.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their relative tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement, using tax rates enacted or substantively enacted at the reporting date.

On 4 December 2013, the Brightbay Group, in which the Company is a subsidiary, converted to a UK Real Estate Investment Trust ("UK REIT"). As a result the Group and subsidiaries in which it holds an interest of 75 per cent or more no longer pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided certain conditions are met. Non-qualifying profits and gains continue to be subject to corporation tax as normal.

### **Investment property**

In accordance with IAS 40 "Investment Property", Paragraph 14, judgement may be required to determine whether a property qualifies as investment property. The Company has developed criteria so that it can exercise judgement consistently in recognising investment property, namely: property held for long-term capital appreciation; property owned and leased out under one or more operating leases; and property that is being developed for future use as investment property. The recognition and classification of property as investment property principally assumes that the Company:

- does not retain significant exposure to the variation in cash flows arising from the underlying operations of tenants; and
- will recover the carrying value through continuing rental income streams and longer-term capital appreciation.

Investment properties are initially recognised at cost, including directly attributable transaction costs, and subsequently measured at fair value. The portfolios are valued on a bi-annual basis by external, independent and professionally qualified valuers, having recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which the property could be exchanged on a highest and best use basis between a willing buyer and seller in an arm's length transaction.

The valuations are determined by considering comparable and timely market transactions for sales and lettings and having regard for the current leases in place. In the case of lettings, this includes consideration of the aggregate net annual market rents achievable for the property and associated costs. A yield which reflects the risks inherent in the future cash flows is applied to the net annual rents to arrive at the property valuation.

The bi-annual valuations of investment property are based upon estimates and subjective judgements that may vary materially from the actual values and sales prices that may be realised by the Company upon ultimate disposal. The critical assumptions made in determining the valuations have been included in Note 6 to the financial statements.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

Subsequent expenditure is capitalised to investment property when the expenditure incurred enhances the future economic benefits associated with the property, such as enhanced future rental income, capital appreciation or both. Contributions to tenant refurbishments under lease arrangements are treated as tenant lease incentives and amortised against rental income over the term of the lease.

Property will be transferred to or from investment property when, and only when, there is a change in use and there is substantive evidence to support that change in use.

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements

*for the year ended 31 December 2022*

### **Financial instruments**

#### **Recognition, classification and measurement**

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from those assets expire or when the Company transfers the assets to another party without retaining control or substantially all risks and rewards of ownership. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised when the Company's obligations specified in the contract expire.

#### **Non-derivative financial instruments**

Non-derivative financial instruments are recognised initially at fair value plus, for those instruments not designated at fair value through profit or loss, any directly attributable transaction costs. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company does not hold financial assets that meet the criteria of fair value through other comprehensive income and therefore, assets that do not meet the definition of amortised cost are measured at fair value through profit or loss. All non-derivative financial liabilities are measured at amortised cost as the Company has not opted to measure any liabilities at fair value through profit or loss. Non-derivative financial instruments comprise, trade and other receivables, borrowings and trade and other payables which the Company holds with the objective to collect or settle the contractual cash flows. Borrowings are subsequently measured at amortised cost, using the effective interest rate method.

#### **Impairment**

The Company assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Financial assets are specifically impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible. For general provisioning, the Company considers impairment of financial assets under the expected credit loss model as required under IFRS 9. For trade receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates are considered with reference to the historic payment profiles of tenants and credit losses incurred over a corresponding period.

The resulting loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors: namely economic, regulatory, technological and environmental factors; external market indicators; and the current tenant base. Separately, the Company applies a twenty-five per cent provision against all balances in excess of 120 days-past-due in line with the Company's stated bad debt policy. Where there is a material difference in the resulting provision requirement relative to total expected credit losses, the Company will adjust in line with the latter.

Impairment losses and reversals are recognised in the statement of comprehensive income.

#### **Borrowings**

Borrowings are recognised initially at fair value less directly attributable transaction costs. Any difference between the transaction price and the deemed fair value of the borrowing is treated as a gain or loss in the statement of comprehensive income when the determination of fair value is based on observable inputs. Subsequent to initial recognition, borrowings are measured at amortised cost. Any differences between cost and the redemption value as a result of transaction costs incurred or fair value adjustments are recognised in the statement of comprehensive income over the contractual term of the borrowings on an effective interest rate basis.

A financial liability is derecognised when it is extinguished. This may happen when:

- full repayment is made to the lender;
- the Company is legally released from primary responsibility for the financial liability; or
- where there is an exchange of debt instruments with substantially different terms or a substantial modification to the existing terms of a debt instrument.

In the event of a substantial modification of terms, any difference between the carrying amount of the original liability and the consideration paid is recognised in the income statement. The consideration paid includes non-financial assets transferred and the assumption of liabilities, including the new modified financial liability. The modified borrowing is recognised initially at fair value and subsequently carried at amortised cost under the effective interest rate method. Any costs or fees incurred are recognised as part of the gain or loss on extinguishment.

Where existing borrowings are exchanged for new or amended borrowings and the terms are not substantially different, the total contractual cash flows of the modified borrowings are discounted at the effective interest rate of the original loan in line with IFRS 9 and any material difference is recognised immediately as a gain or loss in the income statement. The adjustment to the carrying value of the modified loan is subsequently reversed through the income statement as a finance expense to maturity. Any costs or fees incurred as a result of the modification are adjusted against the carrying value and amortised over the remaining term.

Ongoing finance costs and debt servicing payments are recognised in the statement of comprehensive income on an accruals basis, using the effective interest rate method.

#### **Provisions, capital commitments and contingent liabilities**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows to present value using an appropriate discount rate that reflects the risks specific to the liability.

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Capital commitments are disclosed when the Company has a contractual future obligation to a third party which has not been provided for at the balance sheet date.

### Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from any recognised share premium, net of tax.

### 2. Rental income

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Gross rental income	82	144
<b>Rental income</b>	<b>82</b>	<b>144</b>

The future aggregate minimum rentals receivables under non-cancellable operating leases are as follows:

Not later than one year	75	78
Later than one year not later than five years	302	302
Later than five years	977	1,050
	<b>1,354</b>	<b>1,430</b>

The investment property portfolio has a weighted average unexpired lease term of 18.0 years (2021: 19.1 years).

### 3. Net operating income

Net operating income for the year is stated after charging administration and other fees.

Administration fees include management fees of £4,000 (2021: £8,000) payable to related parties, being £4,000 to Brightbay Management Services Limited (2021: £8,000).

Audit fees for the year ended 31 December 2022 were £4,000 (2021: £4,000).

Director's fees are borne by the Company's ultimate parent, Brightbay. There were no employees of the Company during the year (2021: nil).

### 4. Finance expense

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Finance expense on related party loan	59	79
<b>Finance expense</b>	<b>59</b>	<b>79</b>

Interest on the related party loan with Gibson Property Holdings Limited is charged at 6.37 per cent (2021: 6.37 per cent) per annum, refer to Note 8 for further details.

### 5. Taxation

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
UK corporation tax at 19% (2021: 19%)	-	-
	-	-

#### Factors affecting the tax charge for the year

The tax rate for the year is lower than the average standard rate of corporation tax in the UK of 19 per cent (31 December 2021: 19 per cent). The differences are explained below:

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
(Loss)/profit before tax	(10)	264
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(2)	50
<i>Effect of:</i>		
Gain on revaluation of investment property	-	(40)
Loss on disposal of investment property	4	-
Exempt property rental income	(2)	(10)
<b>Tax charge for the year reported in the statement of comprehensive income</b>	-	-

### Factors that may affect future tax charges

On 4 December 2013, Brightbay Group, of which the Company is a subsidiary, converted to a UK REIT. As a result, the Company no longer pays UK corporation tax on the profits and gains from qualifying rental business in the UK provided certain conditions are met. Non-qualifying profits and gains continue to be subject to corporation tax as normal.

It is intended that the Brightbay Group will continue as a UK REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the Company's property rental business which is within the UK REIT structure.

The standard UK Corporation Tax rate for the accounting period is 19%. On 3 March 2021, the UK Government announced its intention to increase the rate of UK Corporation Tax from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021. This will impact the current tax in the UK going forward.

### 6. Investment property

	31 December 2022 £'000	31 December 2021 £'000
<b>Freehold</b>		
Opening carrying value	1,495	1,285
Gain on revaluation of investment property	-	210
Disposals through the sale of property	(260)	-
Transfers to assets held for sale (Note 7)	(1,235)	-
<b>Carrying value at year end</b>	-	1,495

Investment property represents the Company's freehold property located within a large 'island' site on the A34 Lichfield Road, 500 yards south of Stafford Town Centre. The property has been provided as security against a loan from Aviva Commercial Finance Limited ("Aviva") to Gibson Property Holdings Limited, a company under the common control of the Company's parent Trito Kwik-Fit Limited.

### Valuation

The carrying amount of the investment property is the market value of the portfolio as determined by an appropriately qualified independent valuer. The valuations are based on what is determined to be the highest and best use of each property. When considering the highest and best use a valuer will consider its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and the likelihood of achieving and implementing this change to determine an appropriate valuation.

The fair value of the investment property was assessed by an independent and appropriately qualified valuer in accordance with the Royal Institute of Chartered Surveyors ("RICS") standards and IFRS 13. The valuations were performed by Savills. The valuations are reviewed internally by senior management and presented to the Board. The presentation includes discussion around the assumptions used by the external valuer, as well as a review of the resulting valuations. Fees paid to valuers are based on arms-length fixed price contracts.

### Valuation inputs

The fair value of the investment property portfolio has been determined using a yield capitalisation technique, whereby contracted and market rental values are capitalised at a market rate. The resulting valuations are cross-checked against the net initial yield and the fair market values per square foot of comparable recent market transactions.

The valuation techniques described above are consistent with IFRS 13 and use significant unobservable inputs. Valuation techniques can change at each valuation round depending on prevailing market conditions and the property's highest and best use at the reporting date. Where there is a lack of market comparable transactions, the level of estimation and judgement increases on account of less observable inputs and the degree of variability could be expected to widen.

The Company considers that its investment property portfolio falls within 'Level 3', as defined by IFRS 13. There has been no transfer of property within the fair value hierarchy during the year.



# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

The table below summarises the key unobservable inputs used in the valuation of the Company's investment property as at 31 December 2022 that was transferred to assets held for sale (note 7):

	Market value (£'000)	Lettable area (sqm)	Average rent per sqm (£)	Weighted average lease length (years)	Weighted average net initial yield (%)	Average market rent per sqm (£)
31 December 2022	1,235	817	92.3	17.9	5.7	86.1
31 December 2021	1,495	940	82.7	19.1	5.7	94.4

There are interrelationships between the unobservable inputs as they are determined by market conditions; an increase in more than one input could impact on the valuation.

### Disposals

During the year ended 31 December 2022 the Company disposed of the site occupied by Johnson's Cleaners UK Limited.

	Sales proceeds (£'000)	Disposal costs (£'000)	Net sales proceeds (£'000)	Carrying value (£'000)	Loss on disposal £m
31 December 2022					
Disposal	245	(8)	237	(260)	(23)
Total disposals during the year	245	(8)	237	(260)	(23)

### Commercial property price risk

The Directors draw attention to the risks associated with commercial property investments. Although over the long-term property is considered a low risk asset, there are significant short and medium-term risk factors inherent in the asset class. Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds and this restricts the Company's ability to realise value in cash in the short-term.

## 7. Non-current assets held for sale

	31 December 2022 £'000	31 December 2021 £'000
Opening balance	-	-
Transfers from investment property	1,235	-
Non-current assets held for sale at 31 December	1,235	-

In November 2022 the Directors approved the marketing and sale of the freehold property and classified the property as held for sale. At 31 December 2022 a prospective buyer had been identified and negotiations were ongoing. The property was subsequently sold on 30 March 2023. See note 13.

## 8. Borrowings

	31 December 2022 £'000	31 December 2021 £'000
<b>Non-current</b>		
Loan payable to related party – interest bearing	-	928
Total non-current borrowings	-	928
<b>Current</b>		
Loan payable to related party – non-interest bearing	2,189	1,571
External loan payable – non-interest bearing	974	974
Total current borrowings	3,163	2,545

The Company's loans and borrowings are carried at amortised cost.

### Loan payable to related party – interest bearing

The interest-bearing loan payable to a related party is due to Gibson Property Holdings Limited, a company under the common control of the Company's parent Triton Kwik-Fit Limited. The Company's investment property has been secured against a loan advanced by Aviva to Gibson Property Holdings Limited. Gibson Property Holdings has apportioned part of this loan, £928,000, to the Company on the same terms as the Aviva agreement; interest is charged at a rate of 6.37 per cent and the loan will mature on 11 June 2029.

# Ciref Kwik-Fit Stafford Limited

## Notes to the financial statements for the year ended 31 December 2022

### External loan – non-interest bearing

The external loan payable was payable to Sandcroft Limited, a minority shareholder of the Company registered in Gibraltar. During 2016, the Directors became aware of the dissolution of Sandcroft Limited. The beneficial property and rights of Sandcroft Limited, situated in the UK were not disposed of prior to dissolution, and have therefore vested to the UK Crown as *bona vacantia* in accordance with Section 1012 of the UK Companies Act, 2006 on dissolution of Sandcroft Limited. The loan of £974,000 payable to Sandcroft Limited is therefore now deemed payable to the UK Crown, in accordance with Section 1012 of the UK Companies Act, 2006.

### Loan payable to related party – non-interest bearing

The non-interest bearing loan payable to a related party is due to the Company's immediate parent, Trito Kwik-Fit Limited. This is a trading balance which fluctuates throughout the year and is repayable on demand.

## 9. Trade and other payables

	31 December 2022	31 December 2021
	£'000	£'000
Trade payables to related party	2	3
Interest payable to related party	493	434
Accruals and deferred income	4	2
<b>Trade and other payables</b>	<b>499</b>	<b>439</b>

## 10. Share capital

	31 December 2022	31 December 2021
	£	£
<b>Authorised</b>		
480,000 'A' ordinary shares of £1 each	480,000	480,000
480,000 'B' ordinary shares of £1 each	480,000	480,000
	<b>960,000</b>	<b>960,000</b>
<b>Issued, called up and fully paid</b>		
480,000 'A' ordinary shares of £1 each	480,000	480,000
500 'B' ordinary shares of £1 each	500	500
	<b>480,500</b>	<b>480,500</b>

## 11. Contingencies, guarantees and commitments

At 31 December 2022, the Company had no capital commitments or contingent liabilities (2021: £nil).

## 12. Ultimate parent and controlling party

The Company's controlling parent undertaking is Trito Kwik-Fit Limited, a company incorporated in the British Virgin Islands, which holds 480,000 'A' ordinary shares of £1 each.

Brightbay Real Estate Partners Limited is the most immediate parent of the Company that produces consolidated Group financial statements, which are available to the public and may be obtained from the Company's website ([www.brightbayrealestate.com](http://www.brightbayrealestate.com)) or upon request from the Company's registered office at 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU.

The ultimate parent company is SOF 12 Master REITCo Limited, a company registered in Guernsey.

## 13. Events after the end of the reporting period

On 30 March 2023, the Company disposed of the held for sale property for a sales price of £1,409,000.

## 14. Approval of financial statements

The financial statements were approved by the Board on 27 June 2023.