

**AUTOSMART HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JANUARY 2019**



# **AUTOSMART HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	S Atkinson C K Brain C A Ashton
<b>Company number</b>	05433031
<b>Registered office</b>	Lynn Lane Shenstone Lichfield Staffordshire WS14 0DH
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF
<b>Bankers</b>	Lloyds Bank Plc 125 Colmore Row Birmingham B3 3SD
<b>Solicitors</b>	Keelys 28 Dam Street Lichfield Staffordshire WS13 6AA

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# **AUTOSMART HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2019**

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The directors present the Strategic Report and financial statements for the year ended 31 January 2019.

#### **Fair review of the business**

##### **Sales**

We acquired 75% of our Swedish Master franchisee in June, half way through our financial year.  
Group sales closed at £32.2m, a growth of £5.9m (22%) half of which was due to this acquisition.

##### **Profit**

Our EBITDA was £5.9m, similar to last year.  
Margins continued to be tough because of prices of key raw materials, especially silicones. There have also been higher costs due to our buying and storing extra raw materials in case of a hard Brexit.  
We have structured our French business as its own SARL Company, and Autosmart International is now charged a service fee for the management activities which are provided by this French arm.

##### **Cash**

Cash generated from operations was similar to last year at £5.4m, and we closed the year with £4.8m cash.

##### **Future plans**

We continue to expand our Research and Development capability and our digital capability. We welcomed our first IT Director in Autosmart International Ltd in February 19.  
We are planning to amalgamate both of our UK sites into one new build 'Supersite' of approximately 10 acres.

##### **Key performance indicators**

Sales and profits are important KPI's and remain stable.  
Another KPI is the financial strength and success of our franchise owners. The UK, France, Australia, Sweden and Ireland have again achieved their highest sales so far.

##### **Monitoring and managing risk**

We have a watching brief for Brexit and will flex as needed to continue being competitive.

##### **Charitable donations**

During the year the group made and pledged charitable donations of £49k (2018 - £3k) to a range of charities supported by staff and customers. This included £10 for every UK and Ireland customer installing a 'Barrel for life'; a way of reducing plastic waste in the wash bay.

##### **Cash flow and liquidity risk**

We have a prudent approach as a business. We hold a cash buffer to give us time to work through an unexpected negative event. Cash at year end was £4.8m.

##### **Credit risk**

Our credit risk is in our trade receivables. We have policies in place against which we manage the trade receivables carefully. The KPI of our franchise owners' financial success is also important.

##### **Price risk**

We are a manufacturer and therefore are subject to changes in the prices of our raw materials as they occur. We also sell in several currencies and therefore also carry an exchange rate risk. We have systems in place to monitor and react to these risks.

Signed on behalf of the directors



C A Ashton  
Director

Approved by the directors on 30/08/19

**AUTOSMART HOLDINGS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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The directors present their annual report and financial statements for the year ended 31 January 2019.

**Principal activities**

The principal activities of Autosmart Holdings are those of a holding company. The principal activity of the group continued to be that of the manufacture and sale of valeting and maintenance products for vehicles through an exclusive network of franchisees. The company owns directly the entire issued share capital of Autosmart International Ltd, the trading company. The company owns directly the entire issued share capital of Sarl Service Autosmart France which recruits and trains franchisees on behalf of the trading company. The company owns 75% of the issued share capital of Smartab, Hi-Tech Chemicals Aktiebolag who are distributors of vehicle products manufactured by the trading company.

**Directors**

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

S Atkinson  
C K Brain  
C A Ashton

**Results and dividends**

The results for the year are set out on page 6.

Dividends were paid and are set out in note 11. The directors do not recommend payment of a final dividend.

**Qualifying third party indemnity provisions**

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

**Going concern**

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and have not identified any material uncertainties to the group's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements.

**Auditor**

RSM UK Audit LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

**Matters of strategic importance**

Information as required by schedule 7 of the Large and Medium sized companies and groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Signed on behalf of the directors



C A Ashton  
Director

Approved by the directors on 30/08/19

**AUTOSMART HOLDINGS LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOSMART HOLDINGS LIMITED

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## Opinion

We have audited the financial statements of Autosmart Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2019 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 January 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOSMART HOLDINGS LIMITED (CONTINUED)

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

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

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

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

*RSM UK Audit LLP*

Richard Eccles (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
St Phillips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

Date.....

*4/9/19*

**AUTOSMART HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	32,206,656	26,353,678
Cost of sales		(18,549,544)	(15,588,784)
<b>Gross profit</b>		13,657,112	10,764,894
Administrative expenses		(10,594,504)	(6,564,711)
Other operating income		1,027,460	1,076,179
<b>Operating profit</b>	<b>4</b>	4,090,068	5,276,362
Interest receivable and similar income	<b>8</b>	73,565	21,815
Interest payable and similar charges	<b>9</b>	(34,639)	-
Earnings before interest, tax, depreciation, amortisation and impairment		5,874,021	6,197,783
<b>Profit before taxation</b>		4,128,994	5,298,177
Taxation	<b>10</b>	(826,317)	(1,018,780)
<b>Profit for the financial year</b>		3,302,677	4,279,397
<b>Other comprehensive income</b>			
Currency translation differences		20,372	-
<b>Total comprehensive income for the year</b>		3,323,049	4,279,397
<b>Profit for the financial year attributable to:</b>			
Owners of the parent		3,302,812	4,279,397
Non-controlling interests		(135)	-
<b>Profit for the financial year</b>		3,302,677	4,279,397
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent		3,314,601	4,279,397
Non-controlling interests		8,448	-
<b>Total comprehensive income for the year</b>		3,323,049	4,279,397

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

**AUTOSMART HOLDINGS LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2019**

Company Registration No. 05433031

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
<b>Fixed assets</b>					
Goodwill		4,210,975	762,792	-	-
Other intangible assets		2,042,741	486,920	-	-
		<u>6,253,716</u>	<u>1,249,712</u>	<u>-</u>	<u>-</u>
Total intangible assets	12	6,253,716	1,249,712	-	-
Tangible assets	13	4,014,436	3,328,810	976,716	1,034,670
Investments	14	-	-	16,507,628	10,691,452
		<u>10,268,152</u>	<u>4,578,522</u>	<u>17,484,344</u>	<u>11,726,122</u>
<b>Current assets</b>					
Stocks	16	3,941,094	2,767,864	-	-
Debtors due within one year	17	4,116,963	2,322,576	-	-
Debtors due more than one year	17	110,749	-	-	-
Cash at bank and in hand		4,756,017	7,278,251	357,215	9,121
		<u>12,924,823</u>	<u>12,368,691</u>	<u>357,215</u>	<u>9,121</u>
Creditors: amounts falling due within one year	18	(6,428,250)	(3,589,691)	(1,905,936)	(1,156,226)
Net current assets/(liabilities)		<u>6,496,573</u>	<u>8,779,000</u>	<u>(1,548,721)</u>	<u>(1,147,105)</u>
Total assets less current liabilities		<u>16,764,725</u>	<u>13,357,522</u>	<u>15,935,623</u>	<u>10,579,017</u>
Creditors: amounts falling due after more than one year	18	(1,444,772)	-	(1,011,625)	-
Provisions for liabilities	22	(390,186)	(27,655)	(32,411)	(32,945)
Net assets		<u>14,929,767</u>	<u>13,329,867</u>	<u>14,891,587</u>	<u>10,546,072</u>

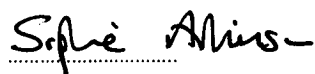
**AUTOSMART HOLDINGS LIMITED**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 JANUARY 2019**

Company Registration No. 05433031

	Notes	Group		Company	
		2019	2018	2019	2018
		£	£	£	£
<b>Capital and reserves</b>					
Called up share capital	24	503,359	503,359	503,359	503,359
Share premium account	25	73,806	73,806	73,806	73,806
Capital redemption reserve	25	75,213	75,213	75,213	75,213
Put and call reserve	25	(1,011,625)	-	(1,011,625)	-
Profit and loss reserves	25	14,606,644	12,677,489	15,250,834	9,893,694
Equity attributable to owners of the parent		14,247,397	13,329,867	14,891,587	10,546,072
Non-controlling interests		682,370	-	-	-
<b>Total equity</b>		<b>14,929,767</b>	<b>13,329,867</b>	<b>14,891,587</b>	<b>10,546,072</b>

The Company's profit and total comprehensive income for the year were £6,742,586 (2018 - £1,261,693)

The financial statements were approved by the board of directors and authorised for issue on 30<sup>th</sup> August 2019 and are signed on its behalf by:

  
 S Atkinson  
 Director

**AUTOSMART HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Put and call reserve £	Profit and loss reserves £	Amounts attributable to owners of the parent £	Non controlling interest £	Total £
<b>Balance at 1 February 2017</b>		503,359	73,806	75,213	-	9,717,173	10,369,551	-	10,369,551
Profit and total comprehensive income for the year		-	-	-	-	4,279,397	4,279,397	-	4,279,397
Dividends	11	-	-	-	-	(1,319,081)	(1,319,081)	-	(1,319,081)
<b>Balance at 31 January 2018</b>		503,359	73,806	75,213	-	12,677,489	13,329,867	-	13,329,867
<b>Year ended 31 January 2019</b>									
Profit / (loss) for the year		-	-	-	-	3,302,812	3,302,812	(135)	3,302,677
Currency translation differences		-	-	-	-	11,789	11,789	8,583	20,372
Profit and total comprehensive income for year		-	-	-	-	3,314,601	3,314,601	8,448	3,323,049
Non-controlling interest arising on acquisition		-	-	-	-	-	-	673,922	673,922
Acquisition of put and call option on non controlling interest in Smartab		-	-	-	(1,061,514)	-	(1,061,514)	-	(1,061,514)
Total changes in ownership interests in subsidiaries that do not result in a loss in control		-	-	-	(1,061,514)	-	(1,061,514)	673,922	(387,592)
Fair value gain on financial liability		-	-	-	49,889	(49,889)	-	-	-
Dividends	11	-	-	-	-	(1,335,557)	(1,335,557)	-	(1,335,557)
<b>Balance at 31 January 2019</b>		503,359	73,806	75,213	(1,011,625)	14,606,644	14,247,397	682,370	14,929,767

**AUTOSMART HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Put and call reserve £	Profit and loss reserves £	Total equity £
<b>Balance at 1 February 2017</b>		503,359	73,806	75,213	-	9,951,082	10,603,460
Profit and total comprehensive income for the year		-	-	-	-	1,261,693	1,261,693
Dividends	11	-	-	-	-	(1,319,081)	(1,319,081)
<b>Balance at 31 January 2018</b>		<u>503,359</u>	<u>73,806</u>	<u>75,213</u>	<u>-</u>	<u>9,893,694</u>	<u>10,546,072</u>
<b>Year ended 31 January 2019</b>							
Profit and total comprehensive income for the year		-	-	-	-	6,742,586	6,742,586
Acquisition of put and call option on non controlling interest in Smartab		-	-	-	(1,061,514)	-	(1,061,514)
Total changes in ownership interests in subsidiaries that do not result in a loss in control		-	-	-	(1,061,514)	-	(1,061,514)
Fair value gain on financial liability		-	-	-	49,889	(49,889)	-
Dividends	11	-	-	-	-	(1,335,557)	(1,335,557)
<b>Balance at 31 January 2019</b>		<u>503,359</u>	<u>73,806</u>	<u>75,213</u>	<u>(1,011,625)</u>	<u>15,250,834</u>	<u>14,891,587</u>

**AUTOSMART HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	5,414,572	5,373,459
Interest paid		(34,639)	-
Income taxes paid		(1,347,189)	(1,082,258)
<b>Net cash from operating activities</b>		<u>4,032,744</u>	<u>4,291,201</u>
<b>Investing activities</b>			
Acquisition of subsidiaries (net of cash acquired)		(4,042,782)	-
Purchase of tangible fixed assets		(648,294)	(431,566)
Purchase of intangible assets		(363,584)	(368,333)
Proceeds on disposal of tangible fixed assets		103,696	40,692
Proceeds on disposal of intangible fixed assets		-	184,658
Interest received		23,676	21,815
<b>Net cash used in investing activities</b>		<u>(4,927,288)</u>	<u>(552,734)</u>
<b>Financing activities</b>			
Repayment of bank loans		(127,000)	-
Repayments of obligations under finance leases		(157,000)	-
Dividends paid		(1,335,557)	(1,319,081)
<b>Net cash used in financing activities</b>		<u>(1,619,557)</u>	<u>(1,319,081)</u>
<b>Net decrease / (increase) in cash and cash equivalents</b>		<u>(2,514,101)</u>	<u>2,419,386</u>
<b>Cash and cash equivalents at beginning of year</b>		7,278,251	4,858,865
<b>Effects of foreign exchange rates</b>		(8,133)	-
<b>Cash and cash equivalents at end of year</b>		<u>4,756,017</u>	<u>7,278,251</u>
<b>Relating to:</b>			
Bank balances and short term deposits included in cash at bank and in hand		4,756,017	7,278,251
		<u>4,756,017</u>	<u>7,278,251</u>

# **AUTOSMART HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 JANUARY 2019**

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#### **1 Accounting policies**

##### **Company information**

Autosmart Holdings Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0DH.

The group consists of Autosmart Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities are disclosed in the Directors' Report.

##### **Accounting convention**

###### **Basis of accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements for the current year have been drawn up to the 31 January 2019, whereas the prior year financial statements were drawn up to 26 January 2018.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1.

As permitted by s408 Companies Act 2006, the company has not presented its own Statement of Comprehensive Income. The Company's profit and total comprehensive income for the year was £6,742,586 (2018 - £1,261,693).

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

###### **Basis of consolidation**

The consolidated financial statements incorporate those of Autosmart Holdings 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. All financial statements for the current year have been drawn up to 31 January 2019, whereas the prior year financial statements were drawn up to 26 January 2018.

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 directly attributable costs. 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.

###### **Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management and transactions with wholly owned subsidiaries

The financial statements of the Company are consolidated in the financial statements of Autosmart Holdings Limited.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**1 Accounting policies (continued)**

**Going concern**

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

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover from the sale of goods is recognised when the goods leave the Autosmart premises.

**Other operating income**

Royalty income is recognised in the period to which the royalty payments relate.

Franchise fee income is recognised in the period that the income is incurred.

**Intangible fixed assets - goodwill**

Goodwill is capitalised and written off evenly over 10 years as in the opinion of the directors, this represents the best estimate of the period over which the goodwill is expected to give rise to economic benefits.

**Intangible fixed assets - territories**

Territories represent the excess of the cost of acquisition of territories over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Territories are disclosed at their carrying value, which is reviewed annually by the directors.

**Intangible fixed assets other than goodwill**

Intangible assets purchased other than in a business combinations are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, there is no evidence of exchange transactions for the same or similar assets and estimating fair value would depend on immeasurable variables.

Re-acquired rights arising on a business combination are valued based on the discounted expected future profits for the remaining contractual term (being from the acquisition date to 31 May 2021). It is amortised on a straight line basis over this period.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised down to residual value to profit or loss on a straight-line basis over their useful lives, as follows:

Trademarks	10% straight line
Computer software	33.33% straight line
Territories	0-50% straight line
Re-acquired rights	35% straight line

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**1 Accounting policies (continued)**

**Tangible fixed assets**

Tangible fixed assets 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 to its estimated residual value on a straight line basis over its expected useful life, as follows:

Plant and equipment	20-100% straight line
Freehold buildings	0- 10% straight line
Freehold land is not depreciated	

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 Statement of Comprehensive Income.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

**Fixed asset 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 company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks 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.

**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.

**Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

**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. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other debtors (including accrued income) and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**1 Accounting policies (continued)**

**Loans and receivables**

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and 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 have been affected. The impairment loss is recognised in profit or loss.

**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.

**Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

**Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

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

**Equity instruments**

Equity instruments issued by the group 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 at the discretion of the group.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**1 Accounting policies (continued)**

**Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

**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 stock or fixed 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.

**Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**1 Accounting policies (continued)**

**Leases**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**Finance leases**

An asset and corresponding liability are recognised for leasing agreements that transfer to the company substantially all of the risk and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expenses as incurred.

**Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

**Research and development**

Costs related to research and development are expensed within the Statement of Comprehensive Income. The costs are primarily an in house research and development department, who focus on developing our product ranges and on our manufacturing processes.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**2 Critical accounting estimates and judgements**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

- useful economic life of fixed assets
- judgements used in assessing the level of provision against trade debtors
- estimation of useful economic life of goodwill and intangible assets
- discount rate used to value put and call option
- profit forecasts and discount rates used to value re-acquired rights

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**3 Turnover and other significant revenue**

An analysis of the group's turnover is as follows:

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Class of business</b>			
Sales of goods		<u>32,206,656</u>	<u>26,353,678</u>
	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Other significant revenue</b>			
Interest income	<b>8</b>	73,565	21,815
Royalty income		665,889	728,660
Franchise fee		<u>167,987</u>	<u>229,831</u>
<b>Turnover analysed by geographical market</b>			
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
United Kingdom		20,400,666	19,303,593
Europe		11,323,099	6,655,480
Rest of the World		482,891	394,605
		<u>32,206,656</u>	<u>26,353,678</u>

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

	Notes	2019 £	2018 £
<b>4</b>	<b>Operating profit</b>		
	Operating profit is stated after charging / (crediting):		
	Exchange losses	91,341	56,531
	Research and development costs	397,411	256,829
	Fees payable to the company's auditors for the audit of the group's and company's financial statements	5 32,000	22,000
	Fees payable to the company's auditors for other services	49,908	13,050
	Depreciation of owned tangible fixed assets	743,414	613,409
	Depreciation of assets held under hire purchase	39,016	-
	(Profit) on disposal of tangible fixed assets	(36,430)	(12,596)
	(Profit) on disposal of intangible assets	(59,205)	(160,508)
	Amortisation of intangible assets	1,001,523	308,012
	Cost of stocks recognised as an expense	14,454,970	12,371,938
	Operating lease charges	243,600	232,303
		<u>2019</u>	<u>2018</u>
		£	£
<b>5</b>	<b>Auditor's remuneration</b>		
	Fees payable to the company's auditor and its associates	32,000	22,000
	<b>For audit services:</b>		
	Audit of the group's and company's financial statements	3,000	3,000
	Audit of the company's subsidiaries	29,000	19,000
		<u>32,000</u>	<u>22,000</u>

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**6 Employees**

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

	Group		Company	
	2019	2018	2019	2018
	No	No	No	No
Production staff	56	52	-	-
Sales staff	57	27	1	1
Administrative staff	80	69	2	2
	<u>193</u>	<u>148</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	6,019,535	4,748,058	-	-
Social security costs	1,211,542	510,972	-	-
Pension costs	889,451	423,882	-	-
	<u>8,120,528</u>	<u>5,682,912</u>	<u>-</u>	<u>-</u>

The group total remuneration (including pension contributions and national insurance contributions) payable to key management personnel amounted to £964,045 (2018 - £1,097,907).

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
<b>7 Directors' remuneration</b>				
Remuneration for qualifying services	371,830	410,408	-	-
Company contributions to defined contribution pension schemes	41,625	38,471	-	-
	<u>413,455</u>	<u>448,879</u>	<u>-</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018: 3).

The directors are remunerated for services to the company through Autosmart International Ltd.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**7 Directors' remuneration (continued)**

Total directors' remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Remuneration for qualifying services	150,315	179,390	-	-
Company contributions to defined contribution pension schemes	12,000	8,000	-	-
	<u>162,315</u>	<u>187,390</u>	<u>-</u>	<u>-</u>

<b>8</b>	<b>Interest receivable and similar income</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	12,382	11,627
	Other interest income	11,294	10,188
	Fair value gain on financial liability	49,889	-
		<u>73,565</u>	<u>21,815</u>

<b>9</b>	<b>Interest payable and similar charges</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Bank interest payable	10,141	-
	Interest on finance leases and hire purchase contracts	24,498	-
		<u>34,639</u>	<u>-</u>

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

10		2019 £	2018 £
	<b>Taxation</b>		
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	845,768	1,054,654
	Adjustments in respect of prior periods	(4,697)	(168)
	Foreign tax	116,045	-
		<hr/>	<hr/>
	Total current tax	957,116	1,054,486
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(130,799)	(35,846)
	Adjustments in respect of prior periods	-	140
		<hr/>	<hr/>
	Total deferred tax	(130,799)	(35,706)
		<hr/>	<hr/>
	Total tax charge	826,317	1,018,780

The total tax charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2019 £	2018 £
Profit before taxation	4,128,994	5,298,177
Expected tax charge based on a corporation tax rate of 19% (PY 19.16%)	784,509	1,015,218
Tax effect of expenses that are not deductible in determining taxable profit	57,194	55,949
Tax effect of intangible asset amortisation not deductible in determining taxable profit	137,000	-
Research and development tax credit	(98,161)	(63,977)
Additional deduction for land remediation expenditure	(1,866)	-
Adjustments in respect of prior periods	(4,697)	-
Fixed asset differences	6,922	7,047
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,365	-
Other	(58,949)	4,543
	<hr/>	<hr/>
Tax charge for the year	826,317	1,018,780

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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		2019	2018
		£	£
11	<b>Dividends</b>		
	Ordinary:		
	Interim paid	1,335,557	1,319,081
		<hr/>	<hr/>
		<u>1,335,557</u>	<u>1,319,081</u>

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**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**12 Intangible assets**

Group	Positive goodwill £	Re-acquired rights £	Territories £	Trademarks £	Computer software £	Total £
<b>Cost</b>						
01 February 2018	2,205,647	-	519,808	40,891	655,532	3,421,878
Additions	-	-	137,833	13,735	212,016	363,584
Acquisition of subsidiary	3,794,181	1,952,840	-	-	-	5,747,021
Foreign exchange	(15,702)	(6,866)	-	-	-	(22,568)
Disposals	-	-	(232,387)	(8,003)	(86,358)	(326,748)
31 January 2019	<u>5,984,126</u>	<u>1,945,974</u>	<u>425,254</u>	<u>46,623</u>	<u>781,190</u>	<u>9,183,167</u>
<b>Amortisation and impairment</b>						
01 February 2018	1,442,855	-	334,562	17,357	377,392	2,172,166
Amortisation charged in the year	330,296	390,568	106,099	4,439	170,121	1,001,523
Eliminated in respect of disposals	-	-	(150,305)	(7,998)	(85,935)	(244,238)
31 January 2019	<u>1,773,151</u>	<u>390,568</u>	<u>290,356</u>	<u>13,798</u>	<u>461,578</u>	<u>2,929,451</u>
<b>Carrying amount</b>						
31 January 2019	<u>4,210,975</u>	<u>1,555,406</u>	<u>134,898</u>	<u>32,825</u>	<u>319,612</u>	<u>6,253,716</u>
31 January 2018	<u>762,792</u>	<u>-</u>	<u>185,246</u>	<u>23,534</u>	<u>278,140</u>	<u>1,249,712</u>

Amortisation for intangible assets is included within administrative expenses.

Re-acquired rights arising on a business combination are valued based on the discounted expected future profits for the remaining contractual term (being from the acquisition date to 31 May 2021). It is amortised on a straight line basis over this period.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**13 Tangible fixed assets**

<b>Group</b>	<b>Freehold land and buildings £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
01 February 2018	2,918,360	3,959,898	6,878,258
Acquisition of subsidiary	-	716,527	716,527
Additions	11,988	739,304	751,292
Disposals	-	(376,092)	(376,092)
Foreign exchange	-	21,423	21,423
31 January 2019	<u>2,930,348</u>	<u>5,061,060</u>	<u>7,991,408</u>
<b>Depreciation and impairment</b>			
01 February 2018	536,549	3,012,899	3,549,448
Depreciation charged in the year	168,630	613,800	782,430
Eliminated in respect of disposals	-	(354,906)	(354,906)
31 January 2019	<u>705,179</u>	<u>3,271,793</u>	<u>3,976,972</u>
<b>Carrying amount</b>			
31 January 2019	<u>2,225,169</u>	<u>1,789,267</u>	<u>4,014,436</u>
31 January 2018	<u>2,381,811</u>	<u>946,999</u>	<u>3,328,810</u>

Of the net book value as at 31 January 2019 in respect of plant and equipment, £554,869 (2018 - £nil) related to equipment purchased under hire purchase.  
Of the depreciation charged in the year in respect of plant and equipment, £39,016 (2018 - £nil) related to equipment purchased under hire purchase.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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**13 Tangible fixed assets (continued)**

<b>Company</b>	<b>Freehold land and buildings £</b>	<b>Total £</b>
<b>Cost</b>		
01 February 2018	1,158,357	1,158,357
	<hr/>	<hr/>
31 January 2019	<u>1,158,357</u>	<u>1,158,357</u>
<b>Depreciation and impairment</b>		
01 February 2018	123,687	123,687
Depreciation charged in the year	57,954	57,954
	<hr/>	<hr/>
31 January 2019	<u>181,641</u>	<u>181,641</u>
<b>Carrying amount</b>		
31 January 2019	<u>976,716</u>	<u>976,716</u>
	<hr/>	<hr/>
31 January 2018	<u>1,034,670</u>	<u>1,034,670</u>

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**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

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<b>14</b>	<b>Fixed asset investments</b>		
	<b>Company</b>		
		<b>Notes</b>	<b>Investments in subsidiaries £</b>
	<b>Cost</b>		
	01 February 2018		10,691,452
	Additions	<b>15</b>	5,816,176
			<hr/>
	31 January 2019		<u>16,507,628</u>
	<b>Carrying amount</b>		
	31 January 2019		<u>16,507,628</u>
	01 February 2018		<u>10,691,452</u>

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**15 Subsidiary undertakings**

Details of the company's subsidiaries at 31 January 2019 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Class of shareholding</b>	<b>Proportion of nominal value held directly</b>	<b>Nature of business</b>
Autosmart Group Limited	Autosmart International Ltd Lynn Lane Shenstone WS14 0DH	Ordinary shares	100%	Non trading company <b>(exempt from audit)</b>
Autosmart International Ltd	Autosmart International Ltd Lynn Lane Shenstone WS14 0DH	Ordinary shares	100%	Manufacture, distribution and sale of valeting and maintenance products for vehicles
Autosmart Australian Ventures Ltd	Autosmart International Ltd Lynn Lane Shenstone WS14 0DH	Ordinary shares	100%	Non trading company <b>(exempt from audit)</b>
Smartab, Hi-Tech Chemicals Aktiebolag	Hållnäsgratan 14, 752 28 Uppsala, Sweden	Ordinary shares	75%	Sale of valeting and maintenance products for vehicles
Sarl Service Autosmart France	Immeuble du Rond Point 5 Boulevard de L'oise 95000 Cergy France	Ordinary shares	100%	Recruiting and training franchisees in France

Sarl Service Autosmart France was established on 22 January 2018.

**Business combinations**

On 29 June 2018, Autosmart International acquired 75% of the issued share capital of Smartab Hi-Tech Chemicals Aktiebolag (Smartab). This company is incorporated in Sweden. The cost of the acquisition comprised cash consideration of £4,488,161 and deferred consideration of £1,270,903 which will be fully paid by July 2019.

Consolidated turnover and consolidated profit after tax of the group comprise turnover of £5,487,127 and profit after tax of £304,105 contributed by Smartab between the date of its acquisition and the 31 January 2019.

The goodwill arising on acquisition of £3,794,181 is considered to have a useful life of 10 years.

Smartab has been accounted for using the acquisition method of accounting. At 29 June 2018 (the 'acquisition date'), the assets and liabilities of Smartab were consolidated at the fair values to the Group, as set out below.

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**15 Subsidiary undertakings (continued)**  
**Acquisitions**

	Initial book value £	Fair value adjustment £	Fair value at date of acquisition £
<b>Cost</b>			
Intangible fixed assets	-	1,952,840	1,952,840
Tangible fixed assets	716,527	-	716,527
Stocks	626,901	-	626,901
Debtors	1,308,044	-	1,308,044
Cash at bank	1,075,314	-	1,075,314
<b>Total assets</b>	<b>3,726,786</b>	<b>1,952,840</b>	<b>5,679,626</b>
Bank loans	(593,088)	-	(593,088)
Finance leases	(352,858)	-	(352,858)
Trade creditors	(288,375)	-	(288,375)
Other creditors	(744,645)	-	(744,645)
Accruals	(169,355)	-	(169,355)
Taxation	(342,142)	-	(342,142)
Provisions	(63,545)	-	(63,545)
Deferred taxation	-	(429,625)	(429,625)
<b>Total liabilities</b>	<b>(2,554,008)</b>	<b>(429,625)</b>	<b>(2,983,633)</b>
<b>Carrying amount</b>			
29 June 2018	<u>1,172,778</u>	<u>1,523,215</u>	<u>2,695,993</u>
Non controlling interest			(673,998)
Goodwill			3,794,181
			<u>5,816,176</u>
Satisfied by:			
- Cash			4,448,161
- Deferred cash consideration			1,270,903
- Acquisition costs			97,112
			<u>5,816,176</u>
Cost of investment			5,816,176
Less cash acquired			(1,075,314)
Less deferred cash consideration as at 31 January 2019			(698,080)
Acquisition of subsidiaries per cash flow			<u>4,042,782</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**16 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials and consumables	2,613,268	1,624,433	-	-
Finished goods and goods for resale	1,327,826	1,143,431	-	-
	<u>3,941,094</u>	<u>2,767,864</u>	<u>-</u>	<u>-</u>

Stock with a carrying value of £3,992,561 has been written down to £3,941,094. No earlier stock write down has been reversed during the current or proceeding period.

**17 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	3,763,247	2,163,697	-	-
Other debtors	76,767	46,458	-	-
Prepayments and accrued income	276,949	112,421	-	-
	<u>4,116,963</u>	<u>2,322,576</u>	<u>-</u>	<u>-</u>

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due after more than one year:</b>				
Pension	65,445	-	-	-
Other debtors	45,304	-	-	-
	<u>110,749</u>	<u>-</u>	<u>-</u>	<u>-</u>

There is no risk to the group regarding the pension debtor of £65,445. This is matched with an endowment of the same value.

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**FOR THE YEAR ENDED 31 JANUARY 2019**

**18 Creditors**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Corporation tax payable	461,353	511,811	-	-
Other taxation and social security	488,475	273,472	(1,320)	-
Trade creditors	2,061,465	1,640,518	-	-
Amounts due to fellow group undertakings	-	-	1,185,726	1,156,226
Bank loans	174,520	-	-	-
Obligations under finance leases	179,955	-	-	-
Other creditors	1,033,231	246,550	-	-
Deferred cash consideration	698,080	-	698,080	-
Accruals and deferred income	1,331,171	917,340	23,450	-
	<u>6,428,250</u>	<u>3,589,691</u>	<u>1,905,936</u>	<u>1,156,226</u>

The deferred cash consideration of £698,080 is expected to be paid by 31 July 2019.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due after more than one year:</b>				
Bank loans	305,410	-	-	-
Obligations under finance leases	127,737	-	-	-
Put and call option	1,011,625	-	1,011,625	-
	<u>1,444,772</u>	<u>-</u>	<u>1,011,625</u>	<u>-</u>
<b>Put and call option</b>				
Arising on acquisition of subsidiary	1,061,514	-	1,061,514	-
Fair value gain on financial liability	(49,889)	-	(49,889)	-
	<u>1,011,625</u>	<u>-</u>	<u>1,011,625</u>	<u>-</u>

The put and call reserve comprises an estimate of the present value of the expected purchase cost for the remaining 25% of share capital of Smartab, Hi-Tech Chemicals Aktiebolag as defined in the shared purchase agreement at the date of acquisition.

The put and call option is unsecured and is expected to be paid between 01 July 2020 and 31 December 2022

**AUTOSMART HOLDINGS LIMITED**  
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**19 Finance leases**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Finance leases - less than one year	179,955	-	-	-
<b>Amounts falling due after more than one year:</b>				
Finance leases - between one to 5 years	127,737	-	-	-
	<u>307,692</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance leases are secured on the assets to which they relate and interest charged at between 2-3%.

**20 Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Bank loans	174,520	-	-	-
<b>Amounts falling due after more than one year:</b>				
Bank loans	305,410	-	-	-
	<u>479,930</u>	<u>-</u>	<u>-</u>	<u>-</u>

The group have bank borrowings of £479,730. These are repayable in quarterly instalments between 1 February 2019 and 31 December 2020. The interest rate is 2% and the leases are secured by mortgages.

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**21 Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	3,950,763	2,210,155	-	-
Equity instruments at cost less impairment	-	-	16,507,628	10,691,452
	<u>3,950,763</u>	<u>2,210,155</u>	<u>16,507,628</u>	<u>10,691,452</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	5,189,392	2,804,408	1,907,256	1,156,226
Measured at fair value	1,011,625	-	1,011,625	-
	<u>6,201,017</u>	<u>2,804,408</u>	<u>2,918,881</u>	<u>1,156,226</u>

**22 Provisions for liabilities**

<b>Group</b>	<b>Deferred taxation £</b>	<b>Pension £</b>	<b>Total £</b>
01 February 2018	27,655	-	27,655
Movement to profit and loss account	(132,539)	1,900	(130,639)
Arising on acquisition of subsidiary	429,625	63,545	493,170
31 February 2019	<u>324,741</u>	<u>65,445</u>	<u>390,186</u>
<b>Company</b>			<b>Deferred taxation £</b>
01 February 2018			32,945
Movement to profit and loss account			(534)
31 February 2019			<u>32,411</u>

**AUTOSMART HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JANUARY 2019**

**23 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Deferred taxation	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	36,032	27,655	32,411	32,945
Deferred tax on re-acquired rights	342,189	-	-	-
Short term timing differences	(53,480)	-	-	-
	<u>324,741</u>	<u>27,655</u>	<u>32,411</u>	<u>32,945</u>

The deferred tax liability is expected to reverse over the long term.

**24 Share capital**

	2019	2018
	£	£
Allotted, issued and fully paid:		
318,215 Ordinary A shares of £1 each	318,215	318,215
185,144 Ordinary B shares of £1 each	185,144	185,144
	<u>503,359</u>	<u>503,359</u>

Ordinary A shares have full voting rights which are unrestricted including the right for the holders of A majority of the ordinary shares to appoint and remove one person as an 'A director' of the company.

Ordinary B shares are unrestricted and non preferential other than the right to appoint an 'A director'.

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**25 Reserves**

***Share premium account***

Share premium comprises consideration received for shares issued above their nominal value net of transaction costs.

***Capital redemption reserve***

The capital redemption reserve comprises the nominal value of shares repurchased and still held at the end of the reporting period.

***Put and call reserve***

The put and call reserve comprises an estimate of the present value of the expected purchase cost for the remaining 25% of share capital of Smartab, Hi-Tech Chemicals Aktiebolag as defined in the shared purchase agreement at the date of acquisition.

***Profit and loss reserves***

Profit and loss reserves comprise of cumulative profit and loss net of distributions to owners.

**26 Cash generated from operations**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	3,302,677	4,279,397
Depreciation of tangible fixed assets	782,430	613,409
Amortisation of intangible assets	1,001,523	308,012
(Profit) on disposal of tangible fixed assets	(19,043)	(12,596)
(Profit) on disposal of intangible assets	-	(160,508)
Interest and other income recognised in profit and loss	(73,565)	(21,815)
Interest and other similar expenses recognised in profit and loss	34,639	-
Income tax expense recognised in profit or loss	826,317	1,018,780
Net foreign exchange differences	33,708	-
	<u>5,888,686</u>	<u>6,024,679</u>
(Increase) in stock	(551,070)	(808,455)
Decrease / (increase) in trade and other debtors	(606,986)	372,804
(Decrease) / increase in trade and other creditors	<u>683,942</u>	<u>(215,569)</u>
Cash generated from operations	<u><u>5,414,572</u></u>	<u><u>5,373,459</u></u>

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**FOR THE YEAR ENDED 31 JANUARY 2019**

**27 Retirement benefits schemes**

**Defined contribution schemes**

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

The contributions payable by the group charged to profit or loss amounted to £473,666 (2018 - £423,882). Contributions totalling £nil (2018 - £nil) were payable to the fund at the year end and are included in creditors.

**28 Operating lease commitments**

**Lessee:**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Vehicles and equipment:		
Within one year	169,264	127,848
Between two and five years	284,870	193,642
	<u>454,134</u>	<u>321,490</u>
Properties:		
Within one year	306,142	65,674
Within two to five years	1,102,869	242,792
After five years	1,505,469	455,234
	<u>2,914,480</u>	<u>763,700</u>

**29 Related party transactions**

A loan of £850,000 (2018 - £nil) was made from a director to a subsidiary company during the year. No interest was charged and £nil (2018 - £nil) was outstanding at the year end.

The group had sales with a subsidiary that was not wholly owned of £2,886,213 (2018 - £nil) and was owed £353,083 (2018 - £nil) at year end.

No guarantees have been given or received.

**30 Controlling party**

The ultimate controlling party is S Atkinson through her majority shareholding in Autosmart Holdings Limited.