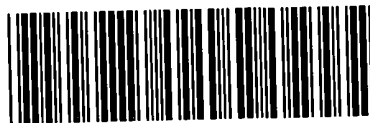


AUTOSMART HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2018

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AUTOSMART HOLDINGS LIMITED

COMPANY INFORMATION

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

AUTOSMART HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present the Strategic Report and financial statements for the year ended 31 January 2018.

Fair review of the business

Sales

Group sales closed at £26.4m, a growth of £2m (9%).

Profit

Our profit before tax was stable at £5.3m. We have had substantial increases in raw material costs, driven by shortages in some essential materials such as silicones. This has meant that our gross profit % reduced notably in the second half of the year. It was our increase in sales that held profits.

Future plans and developments

We have a 5 year plan in place where we expect to see sales grow significantly and we are therefore planning further investments to increase our manufacturing and stocking capacity. We have acquired a 75% of our Swedish distributor, with a transaction date of 29th June 2018. A new French subsidiary was incorporated on 20th March 2018. We continue to invest in our R and D and IT capabilities. In the past year our R and D projects have included global work developing a new range of polishing compounds, innovative spray polish systems, and the evaluation of new technology for dressings. R and D also continue to support our markets individually with a review of our Australian product range this year and the addition of range of products for Sweden to meet local environmental standards.

Key performance indicators

Our business is built on the success of our individual franchise owners. The UK, France, Australia and Sweden and Ireland have again achieved their highest sales so far.

The number of mobile showrooms in the UK, Ireland and France is over 200 for the first time and was 204 at year end.

Monitoring and managing risk

We have a watching brief for Brexit and will flex as needed to continue being competitive. We have the advantage of having integrated research and development and manufacturing and are bringing some innovative new products to market by the summer of 2018 to reflect the changing raw material landscape.

Financial instruments

Cash Flow and Liquidity risk

We have a prudent approach as a business, and choose to maintain high cash balances in case unforeseen challenges or opportunities. We closed the financial year with no borrowings and £7.3m cash at bank. These cash reserves have funded the Swedish share purchase opportunity.

Credit risk

Our credit risk is in our trade receivables. We have policies in place against which we manage the trade receivables carefully.

Price Risk

We are a manufacturer and therefore are subject to changes in the prices of our raw materials. 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

27th July 2018

AUTOSMART HOLDINGS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their report and financial statements for the year ended 31 January 2018.

Principal activities

The principal activities of Autosmart Holdings are those of a holding company. The company owns directly the entire issued share capital of Autosmart International (the trading 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.

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.

Interim ordinary dividends were paid amounting to £1,319,081. 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.

By order of the directors



C A Ashton
Director

Approved by the directors on 27th July 2018

AUTOSMART HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2018

The directors are responsible for preparing the Directors' Report, the Strategic 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 group and the company and of the profit or loss of the group and 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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

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 2018 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 2018 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

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; or

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.

Richard Eccles (Senior Statutory Auditor)
RSM UK AUDIT LLP
Statutory Auditor
St Phillips Point
Temple Row
Birmingham
B2 5AF

RSM UK Audit LLP

Date

13/8/18

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
Turnover	3	26,353,678	24,275,317
Cost of sales		(15,588,784)	(13,888,217)
Gross profit		10,764,894	10,387,100
Administrative expenses		(6,564,711)	(6,084,011)
Other operating income		1,076,179	940,641
Operating profit	4	5,276,362	5,243,730
Interest receivable and similar income	8	21,815	23,247
Profit before taxation		5,298,177	5,266,977
Taxation	9	(1,018,780)	(1,047,934)
Profit for the financial year		4,279,397	4,219,043
Total comprehensive income for the year		4,279,397	4,219,043

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

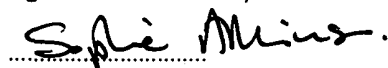
AUTOSMART HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2018

Company Registration No. 05433031

	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Fixed assets					
Goodwill		762,792	871,761	-	-
Other intangible assets		486,920	341,780	-	-
Total intangible assets	11	1,249,712	1,213,541	-	-
Tangible assets	12	3,328,810	3,538,749	1,034,670	1,095,193
Investments	13	-	-	10,691,452	10,691,452
		<u>4,578,522</u>	<u>4,752,290</u>	<u>11,726,122</u>	<u>11,786,645</u>
Current assets					
Stocks	15	2,767,864	1,959,409	-	-
Debtors due within one year	16	2,322,576	2,695,380	-	-
Cash at bank and in hand		7,278,251	4,858,865	9,121	9,342
		<u>12,368,691</u>	<u>9,513,654</u>	<u>9,121</u>	<u>9,342</u>
Creditors: amounts falling due within one year	17	<u>(3,589,691)</u>	<u>(3,833,032)</u>	<u>(1,156,226)</u>	<u>(1,159,477)</u>
Net current assets/(liabilities)		<u>8,779,000</u>	<u>5,680,622</u>	<u>(1,147,105)</u>	<u>(1,150,135)</u>
Total assets less current liabilities		<u>13,357,522</u>	<u>10,432,912</u>	<u>10,579,017</u>	<u>10,636,510</u>
Provisions for liabilities	19	(27,655)	(63,361)	(32,945)	(33,050)
Net assets		<u>13,329,867</u>	<u>10,369,551</u>	<u>10,546,072</u>	<u>10,603,460</u>
Capital and reserves					
Called up share capital	21	503,359	503,359	503,359	503,359
Share premium account	22	73,806	73,806	73,806	73,806
Capital redemption reserve	22	75,213	75,213	75,213	75,213
Profit and loss reserves	22	12,677,489	9,717,173	9,893,694	9,951,082
Total equity		<u>13,329,867</u>	<u>10,369,551</u>	<u>10,546,072</u>	<u>10,603,460</u>

The Company's profit and total comprehensive income for the year were £1,261,693 (2017: £2,647,602)

The financial statements were approved by the board of directors and authorised for issue on 27th July 2018 and are signed on its behalf by:



S Atkinson
Director

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JANUARY 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 February 2016		503,359	73,806	75,213	8,377,574	9,029,952
Profit and total comprehensive income for the year		-	-	-	4,219,043	4,219,043
Dividends	10	-	-	-	(2,879,444)	(2,879,444)
Balance at 31 January 2017		503,359	73,806	75,213	9,717,173	10,369,551
Year ended 31 January 2018						
Profit and total comprehensive income for the year		-	-	-	4,279,397	4,279,397
Dividends	10	-	-	-	(1,319,081)	(1,319,081)
Balance at 31 January 2018		503,359	73,806	75,213	12,677,489	13,329,867

AUTOSMART HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 February 2016		<u>503,359</u>	<u>73,806</u>	<u>75,213</u>	<u>10,182,924</u>	<u>10,835,302</u>
Profit and total comprehensive income for the year		-	-	-	2,647,602	2,647,602
Dividends	10	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,879,444)</u>	<u>(2,879,444)</u>
Balance at 31 January 2017		<u>503,359</u>	<u>73,806</u>	<u>75,213</u>	<u>9,951,082</u>	<u>10,603,460</u>
Year ended 31 January 2018						
Profit and total comprehensive income for the year		-	-	-	1,261,693	1,261,693
Dividends	10	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,319,081)</u>	<u>(1,319,081)</u>
Balance at 31 January 2018		<u>503,359</u>	<u>73,806</u>	<u>75,213</u>	<u>9,893,694</u>	<u>10,546,072</u>

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	23	5,373,459	5,698,622
Income taxes paid		(1,082,258)	(722,519)
Net cash from operating activities		<u>4,291,201</u>	<u>4,976,103</u>
Investing activities			
Purchase of intangible assets		(368,333)	(213,537)
Purchase of tangible fixed assets		(431,566)	(769,645)
Proceeds on disposal of tangible fixed assets		40,692	5,351
Proceeds on disposal of intangible fixed assets		184,658	170,543
Interest received		21,815	23,247
Net cash used in investing activities		<u>(552,734)</u>	<u>(784,041)</u>
Financing activities			
Dividends paid		<u>(1,319,081)</u>	<u>(2,879,444)</u>
Net cash used in financing activities		<u>(1,319,081)</u>	<u>(2,879,444)</u>
Net increase in cash and cash equivalents		<u>2,419,386</u>	<u>1,312,618</u>
Cash and cash equivalents at beginning of year		<u>4,858,865</u>	<u>3,546,247</u>
Cash and cash equivalents at end of year		<u><u>7,278,251</u></u>	<u><u>4,858,865</u></u>
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		<u>7,278,251</u>	<u>4,858,865</u>
		<u><u>7,278,251</u></u>	<u><u>4,858,865</u></u>

AUTOSMART HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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

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, and under the historical cost convention, modified to include investment properties at fair value.

The financial statements for the current year have been drawn up to the 26 January 2018, whereas the prior year financial statements were drawn up to 27 January 2017.

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 £1,261,693 (2017: £2,647,602).

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 26 January 2018, whereas the prior year financial statements were drawn up to 27 January 2017.

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.

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.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (continued)

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.

Intangible fixed assets - goodwill

Goodwill which arose prior to the date of transition to FRS 102 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 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.

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

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.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (continued)

Fixed asset investments (continued)

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 assets

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 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.

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.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (continued)

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.

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.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (continued)

Taxation (continued)

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.

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.

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.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

1 Accounting policies (continued)

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.

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 2018

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

3 Turnover and other significant revenue

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

		2018	2017
		£	£
Class of business			
Sales of goods		<u>26,353,678</u>	<u>24,275,317</u>
	Notes	2018	2017
		£	£
Other significant revenue			
Interest income	8	21,815	23,247
Royalty income		728,660	661,300
Franchise fee		<u>229,831</u>	<u>176,537</u>
Turnover analysed by geographical market			
		2018	2017
		£	£
United Kingdom		19,303,593	18,051,700
Europe		6,655,480	5,839,869
Rest of the world		394,605	383,748
		<u>26,353,678</u>	<u>24,275,317</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
4	Operating profit		
	Operating profit is stated after charging / (crediting):		
	Exchange losses / (gains)	56,531	(166,813)
	Research and development costs	256,829	214,878
	Fees payable to the company's auditors for the audit of the group's and company's financial statements	5 22,000	21,000
	Depreciation of owned tangible fixed assets	613,409	566,779
	(Profit) / loss on disposal of tangible fixed assets	(12,596)	2,313
	(Profit) on disposal of intangible assets	(160,508)	(58,452)
	Amortisation of intangible assets	308,012	229,228
	Cost of stocks recognised as an expense	12,371,938	10,833,848
	Operating lease charges	232,303	217,936
		2018	2017
5	Auditor's remuneration	£	£
	Fees payable to the company's auditor and its associates		
	For audit services:		
	Audit of the group's and company's financial statements	3,000	2,600
	Audit of the company's subsidiaries	19,000	18,400
		22,000	21,000

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

6 Employees

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

	Group		Company	
	2018	2017	2018	2017
	No	No	No	No
Production staff	52	50	-	-
Sales staff	27	29	1	1
Administrative staff	69	63	2	2
	<u>148</u>	<u>142</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	4,748,058	4,471,618	-	-
Social security costs	510,972	487,757	-	-
Pension costs	423,882	449,713	-	-
	<u>5,682,912</u>	<u>5,409,088</u>	<u>-</u>	<u>-</u>

The group total remuneration (including pension contributions and national insurance contributions) payable to key management personnel amounted to £1,097,907 (2017 - £849,925).

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

Group

Company

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

	2018	2017	2018	2017
	£	£	£	£
7 Directors' remuneration				
Remuneration for qualifying services	410,408	369,686	-	-
Company contributions to defined contribution pension schemes	38,471	46,246	-	-
	<u>448,879</u>	<u>412,036</u>	<u>-</u>	<u>-</u>

Remuneration disclosed above include the following amounts paid to the highest paid director.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Remuneration	179,390	139,533	-	-
Company contributions to defined contribution pension schemes	8,000	16,665	-	-
	<u>187,390</u>	<u>155,251</u>	<u>-</u>	<u>-</u>

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

	2018	2017
	£	£
8 Interest receivable and similar income		
Interest income		
Interest on bank deposits	11,627	9,935
Other interest income	10,188	13,312
	<u>21,815</u>	<u>23,247</u>
Total Income	<u>21,815</u>	<u>23,247</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

		2018	2017
		£	£
9	Taxation		
	Current tax		
	UK corporation tax on profits for the current period	1,054,654	1,070,846
	Adjustments in respect of prior periods	(168)	14,265
		<u>1,054,486</u>	<u>1,085,111</u>
	Deferred tax		
	Origination and reversal of timing differences	(35,846)	(37,177)
	Adjustments in respect of prior periods	140	-
		<u>(35,706)</u>	<u>(37,177)</u>
	Total deferred tax	<u>(35,706)</u>	<u>(37,177)</u>
	Total tax charge	<u>1,018,780</u>	<u>1,047,934</u>
	The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:		
		2018	2017
		£	£
	Profit before taxation	<u>5,298,177</u>	<u>5,266,977</u>
	Expected tax charge based on a corporation tax rate of 20% (PY 21.16%)	1,015,218	1,053,395
	Tax effect of expenses that are not deductible in determining taxable profit	55,949	23,103
	Research and development tax credit	(63,977)	(55,868)
	Adjustments in respect of prior periods	-	14,265
	Adjustments for opening and closing rates of tax	4,543	13,039
	Fixed asset differences	7,047	-
	Tax expense for the year	<u>1,018,780</u>	<u>1,047,934</u>
10	Dividends	2018	2017
		£	£
	Ordinary:		
	Interim paid	1,319,081	2,879,444
		<u>1,319,081</u>	<u>2,879,444</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

11 Intangible Assets

Group	Positive goodwill £	Territories £	Trademarks £	Computer Software £	Total £
Cost					
1 February 2017	2,205,647	454,313	37,114	462,645	3,159,719
Additions	-	171,669	3,777	192,887	368,333
Disposals	-	(106,174)	-	-	(106,174)
31 January 2018	<u>2,205,647</u>	<u>519,808</u>	<u>40,891</u>	<u>655,532</u>	<u>3,421,878</u>
Amortisation and impairment					
1 February 2017	1,333,886	336,356	13,355	262,581	1,946,178
Amortisation charged in the year	108,969	80,230	4,002	114,811	308,012
Disposals	-	(82,024)	-	-	(82,024)
31 January 2018	<u>1,442,855</u>	<u>334,562</u>	<u>17,357</u>	<u>377,392</u>	<u>2,172,166</u>
Carrying amount					
31 January 2018	<u>762,792</u>	<u>185,246</u>	<u>23,534</u>	<u>278,140</u>	<u>1,249,712</u>
31 January 2017	<u>871,761</u>	<u>117,957</u>	<u>23,759</u>	<u>200,064</u>	<u>1,213,541</u>

Amortisation for intangible assets is included within administrative expenses.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

12 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
1 February 2017	2,898,468	3,666,181	6,564,649
Additions	22,643	408,923	431,566
Disposals	(2,751)	(115,206)	(117,957)
31 January 2018	<u>2,918,360</u>	<u>3,959,898</u>	<u>6,878,258</u>
Depreciation and impairment			
1 February 2017	373,659	2,652,241	3,025,900
Depreciation charged in the year	162,890	450,519	613,409
Eliminated in respect of disposals	-	(89,861)	(89,861)
31 January 2018	<u>536,549</u>	<u>3,012,899</u>	<u>3,549,448</u>
Carrying amount			
31 January 2018	<u>2,381,811</u>	<u>946,999</u>	<u>3,328,810</u>
31 January 2017	<u>2,524,809</u>	<u>1,013,940</u>	<u>3,538,749</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

12 Tangible fixed assets
(continued)

Company	Freehold land and buildings £	Total £
Cost		
1 February 2017	1,161,108	1,161,108
Disposals	(2,751)	(2,751)
31 January 2018	<u>1,158,357</u>	<u>1,158,357</u>
Depreciation and impairment		
1 February 2017	65,915	65,915
Depreciation charged in the year	57,772	57,772
31 January 2018	<u>123,687</u>	<u>123,687</u>
Carrying amount		
31 January 2018	<u>1,034,670</u>	<u>1,034,670</u>
31 January 2017	<u>1,095,193</u>	<u>1,095,193</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	2017 £
13	Fixed asset investments		
	Company		
	Investments in subsidiaries	14 <u>10,691,452</u>	<u>10,691,452</u>
	Movements in fixed asset investments		Investments in Subsidiaries £
	Cost		
	At 1 February 2017		10,691,452
	At 31 January 2018		<u>10,691,452</u>
	Carrying amount		
	At 1 February 2017		<u>10,691,452</u>
	At 31 January 2018		<u>10,691,452</u>

14 **Subsidiary undertakings**

Details of the company's subsidiaries at 31 January 2018 are as follows:

Name of undertaking	Registered office	Class of shareholding	Proportion of nominal value held directly	Nature of Business
Autosmart Group Limited	Autosmart International Ltd Lynn Lane Shenstone WS14 0DH	Ordinary shares	100%	Non trading company (exempt from audit)
Autosmart International Limited	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 (exempt from audit)

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

15 Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Raw materials and consumables	1,624,433	938,921	-	-
Finished goods and goods for resale	1,143,431	1,020,488	-	-
	<u>2,767,864</u>	<u>1,959,409</u>	<u>-</u>	<u>-</u>

Finished goods stock with a carrying value of £1,174,225 has been written down to £1,143,431. No earlier stock write down has been reversed during the current or proceeding period.

16 Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,163,697	2,384,445	-	-
Other debtors	46,458	179,694	-	-
Prepayments and accrued income	112,421	131,241	-	-
	<u>2,322,576</u>	<u>2,695,380</u>	<u>-</u>	<u>-</u>

17 Creditors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Corporation tax payable	511,811	539,583	-	-
Other taxation and social security	273,472	369,565	-	-
Trade creditors	1,640,518	1,332,683	-	-
Amounts due to fellow group undertakings	-	-	1,156,226	1,159,477
Other creditors	246,550	377,154	-	-
Accruals and deferred income	917,340	1,214,047	-	-
	<u>3,589,691</u>	<u>3,833,032</u>	<u>1,156,226</u>	<u>1,159,477</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

18 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,210,155	2,564,139	-	-
Equity instruments measured at cost less impairment	-	-	10,691,452	10,691,452
	<u>2,210,155</u>	<u>2,564,139</u>	<u>10,691,452</u>	<u>10,691,452</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>2,804,408</u>	<u>2,923,884</u>	<u>1,156,226</u>	<u>1,159,477</u>

19 Provisions for liabilities

	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
1 February 2017		63,361	100,538	33,050	33,050
Movement to profit and loss account		(35,706)	(37,177)	(105)	-
31 January 2018	20	<u>27,655</u>	<u>63,361</u>	<u>32,945</u>	<u>33,050</u>

20 Deferred taxation

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax liabilities:				
Accelerated capital allowances	27,655	63,361	32,945	33,050
Total	<u>27,655</u>	<u>63,361</u>	<u>32,945</u>	<u>33,050</u>

The deferred tax liability relates to accelerated capital allowances that are expected to reverse over the long term.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

21 Share capital

	2018	2017
	£	£
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 having 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 which are unrestricted and non preferential other than the right to appoint an 'A director'.

22 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.

Profit and loss reserves

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

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

23 Cash generated from operations

	2018	2017
	£	£
Profit for the year	4,279,397	4,219,043
<i>Adjustments for:</i>		
Income tax expense recognised in profit or loss	1,018,780	1,047,934
Investment income recognised in profit or loss	(21,815)	(23,247)
(Profit) / loss on disposal of tangible fixed assets	(12,596)	2,313
(Profit) on disposal of intangible fixed assets	(160,508)	(58,452)
Amortisation and impairment of intangible assets	308,012	229,228
Depreciation and impairment of tangible fixed assets	613,409	566,779
<i>Operating cash flows before movements in working capital</i>	6,024,679	5,983,598
(Increase) in stock	(808,455)	(520,657)
Decrease / (increase) in trade and other debtors	372,804	(175,144)
(Decrease) / increase in trade and other creditors	(215,569)	410,825
Cash generated from operations	<u>5,373,459</u>	<u>5,698,622</u>

24 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 £423,882 (2017: £449,713). Contributions totalling £nil (2017: £nil) were payable to the fund at the year end and are included in creditors.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2018

25 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:

	2018	2017
	£	£
Vehicles and equipment:		
Within one year	127,848	102,727
Between two and five years	193,642	167,552
	<u>321,490</u>	<u>270,279</u>
Properties:		
Within one year	65,674	67,333
Within two to five years	242,792	247,768
After five years	455,234	515,932
	<u>763,700</u>	<u>831,033</u>

26 Related party transactions

No guarantees have been given or received.

27 Controlling party

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

28 Post balance sheet events

We have acquired 75% of our Swedish distributor for SEK 67.5 million, further details of the acquisition will be included in the financial statements for the year ended 31 January 2019.