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AUTOSMART HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2011

Company Registration Number 05433031

AUTOSMART HOLDINGS LIMITED
FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 5
Independent auditor's report to the members	6 to 7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11 to 12
Notes to the financial statements	13 to 26

AUTOSMART HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
EIGHT MONTH PERIOD ENDED 31 JANUARY 2011

The board of directors	Mr C A Ashton Mr C K Brain Ms S Atkinson
Business address	Lynn Lane Shenstone Lichfield Staffordshire WS13 0DH
Registered office	As above
Auditor	RSM Tenon Audit Limited Charterhouse Legge Street Birmingham B4 7EU
Solicitors	Keelys 28 Dam Street Lichfield Staffordshire WS13 6AA

AUTOSMART HOLDINGS LIMITED

THE DIRECTORS' REPORT

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

The directors present their report and the financial statements of the group for the eight month period from 1 June 2010 to 31 January 2011

Principal activities and business review

The principal activity of the group during the period was the manufacture and sale of valeting and maintenance products for vehicles through an exclusive network of franchisees

Business review

This review is for the eight months to 31 January 2011. We have moved our year end forward to benefit our manufacturing plant. Closure for stock take is now in a month with more manufacturing days overall.

In our review we aim to present a balanced and comprehensive review of our business over the 8 month period and at 31 January 2011.

We consider our key financial indicators to be sales, profit and cash.

Sales

In the eight months our sales growth has been steady, at 4% on a like for like basis. The UK, France and Australia have performed notably well.

Demand in our markets is still under 2007 levels. As an example of market decline, the UK car market has seen its third year where new car sales have been 20% below the long term average. Our sales growth has been down to a number of factors:

- We have improved our product range - 4 of our 5 top selling products have been relaunched with extra benefits
- We have also smoothed the impact of a volatile raw material market place for our franchisees
- The UK and France are also benefiting from more sales coaches and more franchisees
- Our UK national account sales are up by 20%

Profit

Our margins have dropped in the period as we have not passed on all of the raw material cost increases. Nevertheless, because of the sales increase, we close the 8 months with a solid profit on ordinary activities of £1.3m before taxation, very similar to the same period last year.

Cash

Our cash at bank at year end was £2 million.

Results and dividends

The profit for the eight month period, after taxation, amounted to £998,705. Particulars of dividends proposed are detailed in note 10 to the financial statements.

AUTOSMART HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

Financial risk management objectives and policies

Price risk, credit risk, liquidity risk, and cash flow risk

Here we review how we manage our financial risks

To finance our operations we use cash and also bank borrowings where required. We manage our trade debtors and trade creditors as part of our day to day cash management.

Price risk

We sell to franchisees on an exclusive basis. When considering our pricing we take consideration of market conditions and our franchisees profitability as well as our own profitability.

We are exposed to the financial risks of currency exchange rates, and we state our debtors balances according to the actual exchange rate.

Credit risk

Our trade debtors are primarily made up of our individual franchisees' accounts with us. We have clear payment policies set up in the franchise agreements, and we are very close to our franchisees businesses when it comes to agreeing amounts outstanding for both time and credit limits. The amounts in the balance sheet are net of allowances for doubtful debtors.

Liquidity risk

We take a prudent view of cash management and prefer to have £1 million of cash to hand so that we are well placed to tackle any contingency. We pay our creditors to term as a matter of policy. We hold our cash balances in a way to achieve the most competitive rates of interest and as part of this we make use of money market facilities.

At January 31st 2011, we had £2m cash at bank, and total bank loans of £1/2m.

Research and development

The group will continue its policy of investment in research and development in order to retain a competitive position in the market.

Directors

The directors who served the company during the eight month period were as follows:

Ms J A Watkins
Mr C A Ashton
Mr C K Brain
Ms S Atkinson

Ms J A Watkins resigned as a director on 30 June 2010.

AUTOSMART HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 the group and of the profit or loss of the group for that eight month period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Donations

During the eight month period the company made the following contributions

	Period to 31 January 2011	Year to 31 May 2010
	£	£
Charitable donations	<u>5,000</u>	<u>5,117</u>

AUTOSMART HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

Signed on behalf of the directors



Mr C A Ashton
Director

Approved by the directors on 9/06/2011

AUTOSMART HOLDINGS LIMITED

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

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

We have audited the group and parent company financial statements ("the financial statements") of Autosmart Holdings Limited for the eight month period from 1 June 2010 to 31 January 2011 on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 January 2011 and of the group's profit for the eight month period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial eight month period for which the financial statements are prepared is consistent with the financial statements.

AUTOSMART HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUTOSMART HOLDINGS LIMITED *(continued)***

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Melanie Crooks ACA

Melanie Crooks ACA, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Charterhouse
Legge Street
Birmingham
B4 7EU

Date - 15.6.11

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

	Note	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Group turnover	2	10,371,078	15,484,827
Cost of sales		(6,245,643)	(8,994,031)
Gross profit		<u>4,125,435</u>	<u>6,490,796</u>
Distribution costs		(663,815)	(842,264)
Administrative expenses		(2,296,761)	(3,717,236)
Other operating income	3	167,546	244,903
Operating profit	4	<u>1,332,405</u>	<u>2,176,199</u>
Interest receivable		46,413	46,919
Interest payable and similar charges	7	(32,553)	(97,753)
Profit on ordinary activities before taxation		<u>1,346,265</u>	<u>2,125,365</u>
Tax on profit on ordinary activities	8	(347,560)	(623,706)
Profit for the financial eight month period	9	<u><u>998,705</u></u>	<u><u>1,501,659</u></u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the eight month period as set out above

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 13 - 26 form part of these financial statements

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET

31 JANUARY 2011

	Note	31 Jan 11 £	£	31 May 10 £	£
Fixed assets					
Intangible assets	12		1,844,129		1,886,155
Tangible assets	13		1,185,433		1,003,546
			<u>3,029,562</u>		<u>2,889,701</u>
Current assets					
Stocks	15	1,165,323		1,030,396	
Debtors	16	2,039,522		2,559,430	
Cash at bank		1,995,412		2,614,777	
			<u>5,200,257</u>		<u>6,204,603</u>
Creditors. Amounts falling due within one year	18	(2,714,716)		(3,315,274)	
Net current assets			2,485,541		2,889,329
Total assets less current liabilities			<u>5,515,103</u>		<u>5,779,030</u>
Creditors. Amounts falling due after more than one year	19		(510,377)		(847,825)
			<u>5,004,726</u>		<u>4,931,205</u>
Capital and reserves					
Called-up share capital	24		503,359		578,572
Share premium account	25		73,806		73,806
Share options reserve	25		1,152,897		1,152,897
Other reserves	25		75,213		—
Profit and loss account	25		3,199,451		3,125,930
Shareholders' funds	26		<u>5,004,726</u>		<u>4,931,205</u>

These financial statements were approved by the directors and authorised for issue on 9 June 2011, and are signed on their behalf by

Sophie Atkinson

Ms S Atkinson
Director

The notes on pages 13-26 form part of these financial statements

AUTOSMART HOLDINGS LIMITED

Registered Number 05433031

COMPANY BALANCE SHEET**31 JANUARY 2011**

	Note	31 Jan 11 £	£	31 May 10 £	£
Fixed assets					
Investments	14		10,691,452		10,691,452
Current assets					
Debtors	16	13,500		20,500	
Cash at bank		5,429		5,407	
		<u>18,929</u>		<u>25,907</u>	
Creditors: Amounts falling due within one year	18	<u>(5,558,155)</u>		<u>(4,280,449)</u>	
Net current liabilities			(5,539,226)		(4,254,542)
Total assets less current liabilities			<u>5,152,226</u>		<u>6,436,910</u>
Creditors: Amounts falling due after more than one year	19		<u>(510,377)</u>		<u>(847,825)</u>
			<u>4,641,849</u>		<u>5,589,085</u>
Capital and reserves					
Called-up share capital	24		503,359		578,572
Share premium account	25		73,806		73,806
Share options reserve	25		1,152,897		1,152,897
Other reserves	25		75,213		—
Profit and loss account	25		2,836,574		3,783,810
Shareholders' funds			<u>4,641,849</u>		<u>5,589,085</u>

These financial statements were approved by the directors and authorised for issue on 9 June 2011, and are signed on their behalf by

Sophie Atkinson

Ms S Atkinson
Director

The notes on pages 13-26 form part of these financial statements

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

	Note	Period from 1 Jun 10 to 31 Jan 11 £	£	Year to 31 May 10 £	£
Net cash inflow from operating activities	27		1,165,045		2,568,164
Returns on investments and Servicing of finance					
Interest received		46,413		46,919	
Interest paid		(32,553)		(97,753)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			13,860		(50,834)
Taxation			(459,072)		(301,209)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(128,909)		(85,148)	
Payments to acquire tangible fixed assets		(332,458)		(182,194)	
Receipts from sale of fixed assets		59,617		110,259	
Net cash outflow for capital expenditure and financial investment			(401,750)		(157,083)
Equity dividends paid			—		(579,637)
Cash inflow before financing			318,083		1,479,401
Financing					
Purchase of own equity shares		(75,213)		—	
Premium on purchase of own equity shares		(524,787)		—	
Repayment of bank loans		(337,448)		(974,687)	
Net cash outflow from financing			(937,448)		(974,687)
(Decrease)/increase in cash			(619,365)		504,714

The notes on page 13 - 26 form part of these financial statements

AUTOSMART HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

Reconciliation of net cash flow to movement in net funds

		31 Jan 11 £	£	31 May 10 £	£
(Decrease)/increase in cash in the period		(619,365)		504,714	
Net cash outflow from bank loans		<u>337,448</u>		<u>974,687</u>	
Change in net funds	27		<u>(281,917)</u>		<u>1,479,401</u>
Net funds at 1 June 2010	27		<u>1,766,952</u>		<u>287,551</u>
Net funds at 31 January 2011	27		<u><u>1,485,035</u></u>		<u><u>1,766,952</u></u>

The notes on pages 13 - 26 form part of these financial statements

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate to conform to group accounting policies. The acquisition method of accounting is adopted. The results of the companies acquired or disposed are included in the consolidated profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill and Trade marks - 5 & 10% Straight line basis respectively
Territories are disclosed at their carrying value which is reviewed annually by the directors.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

1. Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Plant and machinery	-	25% straight line basis
Fixtures and fittings	-	20-50% straight line basis

Freehold land and buildings are not depreciated. It is the group's policy to maintain these assets in a good state of repair to carry out impairment review in accordance with the provisions of FRS 15

Short term leasehold land and buildings are depreciated on a straight line basis over the period of the lease

Stocks

Stock is valued at the lower cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing difference between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

1. Accounting policies (continued)

Share-based payments

The group and the company have applied the requirements of FRS 20 "Share-based payments" In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2005. The parent company, Autosmart Holdings Limited, issues equity-settled share-based payments to certain employees of the company, Autosmart International Limited. Equity-settled share-based payments are measured at fair value determined at the grant date and they are expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of maintainable earning method.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below.

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
United Kingdom	8,248,399	11,869,883
Sales - Europe	1,929,619	3,282,720
Sales - Rest of the world	193,060	332,224
	<u>10,371,078</u>	<u>15,484,827</u>

3. Other operating income

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Rent receivable	364	546
Manufacturing licensing fees	167,182	244,357
	<u>167,546</u>	<u>244,903</u>

AUTOSMART HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

4 Operating profit

Operating profit is stated after charging/(crediting)

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Amortisation of intangible assets	111,794	157,955
Depreciation of owned fixed assets	150,571	231,580
Profit on disposal of fixed assets	(476)	(21,590)
Operating lease costs		
-Plant and machinery	13,069	14,318
Net profit on foreign currency translation	(21,445)	(21,595)
Auditor's remuneration - audit of the financial statements	2,450	2,450
Auditor's remuneration - other fees	<u>16,492</u>	<u>10,899</u>
	31 Jan 11 £	31 May 10 £
Auditor's remuneration - audit of the financial statements	<u>2,450</u>	<u>2,450</u>
Auditor's remuneration - other fees		
- Auditor's remuneration - group	<u>16,492</u>	<u>10,899</u>

5. Particulars of employees

The average number of staff employed by the group during the financial eight month period amounted to

	Period from 1 Jun 10 to 31 Jan 11 No	Year to 31 May 10 No
Number of production staff	37	37
Number of sales staff	18	16
Number of administrative staff	43	44
	<u>98</u>	<u>97</u>

The aggregate payroll costs of the above were

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Wages and salaries	1,797,390	2,861,071
Social security costs	211,578	320,585
Other pension costs	142,759	207,855
	<u>2,151,727</u>	<u>3,389,511</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

6. Directors' remuneration

The directors' aggregate remuneration and other payments in respect of qualifying services were

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Remuneration receivable	381,814	500,789
Value of company pension contributions to money purchase schemes	49,115	75,360
Compensation for loss of directorship	—	130,000
	<u>430,929</u>	<u>706,149</u>

Remuneration of highest paid director:

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Total remuneration (excluding pension contributions)	89,290	102,421
Value of company pension contributions to money purchase schemes	13,333	14,539
	<u>102,623</u>	<u>116,960</u>

The number of directors on whose behalf the company made pension contributions was as follows

	Period from 1 Jun 10 to 31 Jan 11 No	Year to 31 May 10 No
Money purchase schemes	<u>5</u>	<u>6</u>

7. Interest payable and similar charges

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Other similar charges payable	<u>32,553</u>	<u>97,753</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

8. Taxation on ordinary activities

(a) Analysis of charge in the eight month period

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
In respect of the eight month period		
UK Corporation tax	333,000	621,000
Deferred tax		
Origination and reversal of timing differences	14,560	2,706
Tax on profit on ordinary activities	<u>347,560</u>	<u>623,706</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the eight month period is lower than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Profit on ordinary activities before taxation	<u>1,346,265</u>	<u>2,125,365</u>
Profit on ordinary activities by rate of tax	376,954	595,102
Effects of		
Expenses not deductible for tax purposes	489	40,416
Capital allowances for period in excess of depreciation	(245)	5,399
Group relief claimed before payment	(6,175)	-
Adjustments to tax charge in respect of previous periods	(28,783)	-
Other adjustments	32,597	31,830
Research and development relief	(21,410)	(45,749)
Short term timing differences	(12,883)	(5,998)
Income not taxable for tax purposes	(1,369)	-
Group relief surrendered before payment	(6,175)	-
Total current tax (note 8(a))	<u>333,000</u>	<u>621,000</u>

(c) Factors that may affect future tax charges

The UK government has proposed that the corporation tax rate will decrease over the next four years from 28% to 23%. This will affect the future cash payments to be made by the group

9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £(22,052) (2010 - £(67,813))

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

10. Dividends

Equity dividends

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Paid during the year		
Dividends on equity shares	—	<u>529,637</u>
Proposed at the period-end		
Dividends on equity shares	<u>325,184</u>	<u>—</u>

11. Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £142,359 (Year 2010 £207,855).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

12. Intangible fixed assets

Group

	Goodwill £	Trade marks and territories £	Total £
Cost			
At 1 June 2010	2,205,647	327,412	2,533,059
Additions	—	128,909	128,909
Disposals	—	(89,444)	(89,444)
At 31 January 2011	<u>2,205,647</u>	<u>366,877</u>	<u>2,572,524</u>
Amortisation			
At 1 June 2010	385,987	260,917	646,904
Charge for the eight month period	73,521	38,273	111,794
On disposals	—	(30,303)	(30,303)
At 31 January 2011	<u>459,508</u>	<u>268,887</u>	<u>728,395</u>
Net book value			
At 31 January 2011	<u>1,746,139</u>	<u>97,990</u>	<u>1,844,129</u>
At 31 May 2010	<u>1,819,660</u>	<u>66,495</u>	<u>1,886,155</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

13. Tangible fixed assets

Group	Freehold land and buildings £	Plant & Machinery £	Equipment, vans and containers £	Total £
Cost				
At 1 June 2010	643,379	1,998,417	897,015	3,538,811
Additions	—	143,251	189,207	332,458
Disposals	—	—	(14,913)	(14,913)
At 31 January 2011	<u>643,379</u>	<u>2,141,668</u>	<u>1,071,309</u>	<u>3,856,356</u>
Depreciation				
At 1 June 2010	—	1,782,779	752,486	2,535,265
Charge for the eight month period	—	86,222	64,349	150,571
On disposals	—	—	(14,913)	(14,913)
At 31 January 2011	<u>—</u>	<u>1,869,001</u>	<u>801,922</u>	<u>2,670,923</u>
Net book value				
At 31 January 2011	<u>643,379</u>	<u>272,667</u>	<u>269,387</u>	<u>1,185,433</u>
At 31 May 2010	<u>643,379</u>	<u>215,638</u>	<u>144,529</u>	<u>1,003,546</u>

Land and buildings

The net book value of land and buildings includes

	Land and buildings	
	31 January 2011 £	31 May 2010 £
Freehold	643,379	643,379
	<u>643,379</u>	<u>643,379</u>

Freehold land and buildings of £643,379 (31 May 2010 £643,379) are not depreciated

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

14. Investments

Company	Group companies £	Associated undertakings £	Total £
Cost			
At 1 June 2010 and 31 January 2011	<u>9,538,555</u>	<u>1,152,897</u>	<u>10,691,452</u>
Net book value			
At 31 January 2011 and 31 May 2010	<u>9,538,555</u>	<u>1,152,897</u>	<u>10,691,452</u>

Other investment in subsidiary undertakings consist of capital contributions arising from the FRS20 "Share-based payments" charge, which are due to the company granting share options to certain directors of Autosmart Holdings Limited. The expense of granting share options to certain directors of Autosmart Holdings Limited therefore results in a corresponding increase in the investment in the subsidiary. The following were subsidiary undertakings at the end of the period and have all been included in the consolidated financial statements.

Name	Holding	Proportion of voting rights and shares held	Nature of business
Autosmart Group Limited	Ordinary shares	100%	Dormant company
Autosmart International Limited	Ordinary shares	100%	Manufacture, marketing, distribution and sale of valeting and maintenance products for vehicles

15. Stocks

	Group		Company	
	31 Jan 11 £	31 May 10 £	31 Jan 11 £	31 May 10 £
Raw materials	661,579	582,782	—	—
Finished goods	503,744	447,614	—	—
	<u>1,165,323</u>	<u>1,030,396</u>	<u>—</u>	<u>—</u>

16. Debtors

	Group		Company	
	31 Jan 11 £	31 May 10 £	31 Jan 11 £	31 May 10 £
Trade debtors	1,751,224	2,158,427	—	—
Other debtors	155,871	245,256	13,500	20,500
Deferred taxation (Note 17)	48,000	62,560	—	—
Prepayments and accrued income	84,427	93,187	—	—
	<u>2,039,522</u>	<u>2,559,430</u>	<u>13,500</u>	<u>20,500</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

16. Debtors (continued)

The debtors above include the following amounts falling due after more than one year

	Group		Company	
	31 Jan 11	31 May 10	31 Jan 11	31 May 10
	£	£	£	£
Other debtors	<u>25,781</u>	<u>27,054</u>	<u>-</u>	<u>-</u>

17. Deferred taxation

The movement in the deferred taxation asset during the eight month period was

	Group		Company	
	1 Jun 10 to 31 Jan 11	Year to 31 May 10	1 Jun 10 to 31 Jan 11	Year to 31 May 10
	£	£	£	£
Asset brought forward	62,560	65,266	-	-
Decrease in asset	(14,560)	(2,706)	-	-
Asset carried forward	<u>48,000</u>	<u>62,560</u>	<u>-</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	31 Jan 11		31 May 10	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Other timing differences	<u>48,000</u>	<u>-</u>	<u>62,560</u>	<u>-</u>

18. Creditors: Amounts falling due within one year

	Group		Company	
	31 Jan 11	31 May 10	31 Jan 11	31 May 10
	£	£	£	£
Trade creditors	1,212,747	1,487,858	-	-
Amounts owed to group undertakings	-	-	5,232,971	4,275,406
Dividends payable	325,184	-	325,184	-
Other creditors including taxation and social security	-	-	-	-
Corporation tax	176,098	302,170	-	-
PAYE and social security	64,167	64,899	-	-
VAT	116,652	227,925	-	-
Other creditors	253,047	266,204	-	-
Accruals and deferred income	566,821	966,218	-	5,043
	<u>2,714,716</u>	<u>3,315,274</u>	<u>5,558,155</u>	<u>4,280,449</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

19. Creditors: Amounts falling due after more than one year

	Group		Company	
	31 Jan 11	31 May 10	31 Jan 11	31 May 10
	£	£	£	£
Bank loans and overdrafts	<u>510,377</u>	<u>847,825</u>	<u>510,377</u>	<u>847,825</u>

Interest on the loan is calculated at 2.75% above the Bank's base rate

Interest on the loans are repayable in arrears on a quarterly basis

The company has a cross guarantee in place with Autosmart International Limited and Autosmart Group Limited

The bank borrowings are secured on the freehold property of Autosmart International Limited

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	31 Jan 11	31 May 10	31 Jan 11	31 May 10
	£	£	£	£
Bank loans and overdrafts	<u>510,377</u>	<u>847,825</u>	<u>510,377</u>	<u>847,825</u>

20. Share-based payments

The group and the company have applied the requirements of FRS 20 "Share-based payments". In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2005. The parent company, Autosmart Holdings Limited, issues equity-settled share-based payments to certain employees of the company, Autosmart International Limited. Equity-settled share-based payments are measured at fair value determined at the grant date and they are expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of maintainable earning method.

21. Commitments under operating leases

At 31 January 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	Assets other than Land and buildings	
	31 Jan 11	31 May 10
	£	£
Operating leases which expire		
Within 1 year	20,684	3,233
Within 2 to 5 years	<u>68,878</u>	<u>43,846</u>
	<u>89,562</u>	<u>47,079</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

22. Contingencies

The company, Autosmart Holdings Limited, is part of a VAT group registration. As at 31 January 2011, the total contingent liabilities of the group in this respect amounted to £116,638 (2010 £227,925)

23. Related party transactions

On 30th June 2010 Juli Watkins resigned as a director of Autosmart Holdings Limited. The 75,213 shares owned by Juli Watkins were ultimately repurchased by Autosmart Holdings Limited for the sum of £600,000. Autosmart International Ltd provided Autosmart Holdings Limited the sum of £600,000 in order to facilitate the purchase. This represents 13% of the authorised share capital.

Controlling entity

The company is controlled by S Atkinson.

24. Share capital

Authorised share capital:

	31 Jan 11 £	31 May 10 £
318,215 Ordinary A shares of £1 each	318,215	318,215
260,357 Ordinary B shares of £1 each	260,357	260,357
	<u>578,572</u>	<u>578,572</u>

Allotted, called up and fully paid:

	31 Jan 11 No	£	31 May 10 No	£
318,215 Ordinary A shares of £1 each	318,215	318,215	318,215	318,215
185,144 Ordinary B shares (2010 - 260,357) of £1 each	185,144	185,144	260,357	260,357
	<u>503,359</u>	<u>503,359</u>	<u>578,572</u>	<u>578,572</u>

25. Reserves

Group	Share premium account £	Capital redemption reserve £	Share options reserve £	Profit and loss account £
Balance brought forward	73,806	–	1,152,897	3,125,930
Profit for the eight month period	–	–	–	998,705
Equity dividends	–	–	–	(325,184)
Other movements				
Purchase of own 'Ordinary B' shares during year	–	75,213	–	(600,000)
Balance carried forward	<u>73,806</u>	<u>75,213</u>	<u>1,152,897</u>	<u>3,199,451</u>

AUTOSMART HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

25. Reserves (continued)

Company	Share premium account £	Capital redemption reserve £	Share options reserve £	Profit and loss account £
Balance brought forward	73,806	–	1,152,897	3,783,810
Loss for the eight month period	–	–	–	(22,052)
Equity dividends	–	–	–	(325,184)
Other movements				
Purchase of own 'Ordinary B' shares during year	–	75,213	–	(600,000)
Balance carried forward	<u>73,806</u>	<u>75,213</u>	<u>1,152,897</u>	<u>2,836,574</u>

26. Reconciliation of movements in shareholders' funds

	31 Jan 11 £	£	31 May 10 £	£
Profit for the financial eight month period		998,705		1,501,659
Purchase of own ordinary shares	(75,213)		–	
Premium on purchase of own ordinary shares	(524,787)		–	
Equity dividends	<u>(325,184)</u>		<u>(529,637)</u>	
		(925,184)		(529,637)
Net addition to shareholders' funds		73,521		972,022
Opening shareholders' funds		4,931,205		3,959,183
Closing shareholders' funds		<u>5,004,726</u>		<u>4,931,205</u>

27 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	Period from 1 Jun 10 to 31 Jan 11 £	Year to 31 May 10 £
Operating profit	1,332,405	2,176,199
Amortisation	111,794	157,955
Depreciation	150,571	231,580
Profit on disposal of fixed assets	(476)	(21,590)
(Increase)/decrease in stocks	(134,927)	60,971
Decrease/(increase) in debtors	505,348	(461,475)
(Decrease)/increase in creditors	<u>(799,670)</u>	<u>424,524</u>
Net cash inflow from operating activities	<u>1,165,045</u>	<u>2,568,164</u>

AUTOSMART HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
EIGHT MONTH PERIOD FROM 1 JUNE 2010 TO 31 JANUARY 2011

27 Notes to the cash flow statement (continued)

Analysis of changes in net funds

	At 1 June 2010 £	Cash flows £	At 31 January 2011 £
Net cash			
Cash in hand and at bank	2,614,777	(619,365)	1,995,412
Debt			
Debt due after 1 year	(847,825)	337,448	(510,377)
Net funds	<u>1,766,952</u>	<u>(281,917)</u>	<u>1,485,035</u>