

Autosmart Holdings Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 May 2009

Registration number: 05433031

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Autosmart Holdings Limited

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Autosmart Holdings Limited
Company Information

Directors	Mr C A Ashton Mr C K Brain Ms J A Watkins Ms S Atkinson
Secretary	Ms J A Watkins
Registered office	Lynn Lane Shenstone Lichfield Staffordshire WS13 0DH
Solicitors	Keelys 28 Dam Street Lichfield Staffordshire WS13 6AA
Auditors	RSM Bentley Jennison Chartered Accountants & Registered Auditors Charterhouse Legge Street Birmingham B4 7EU

Autosmart Holdings Limited
Directors' Report for the Year Ended 31 May 2009

The directors present their report and the audited consolidated financial statements for the year ended 31 May 2009.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities.

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the group is the manufacture and sale of valeting and maintenance products for vehicles.

Autosmart Holdings Limited
Directors' Report for the Year Ended 31 May 2009

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Business review

Review of the business

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the end of the year. We consider our key financial performance indicators to be turnover and profit.

This year has held unexpected challenges and we are pleased with how our franchisees and ourselves have overcome them. Our franchisees in the UK, Sweden, Australia and Ireland experienced a marked downturn in demand from existing customers in the second quarter, which then continued for the rest of the year. Simultaneously our manufacturing side suffered from some raw materials being in very short supply and from some dramatic cost increases.

Our franchisees have responded by winning more customers and they close the year with sales holding in markets that vary from 15% - 50% down. Our manufacturing side successfully used all of our resources to maintain a smooth product supply to franchisees. We decided that not all of the raw material increases could be passed on in one step, and we have suffered decreased margins as a consequence.

We have continued to invest in new franchises and another 21 franchisees have joined us over the year.

Our plans for the year ahead are again unaffected by the current economic climate. We plan to invest extensively in future sales growth strategies and in strengthening our internal infrastructure.

In summary, we have maintained turnover and generated a significant profit before tax of £2.2 million whilst suffering from increasing material costs and investing in future growth strategies.

Development and performance of the business

	Year ended 31 May 2009	Year ended 31 May 2008
Turnover	£14,879,214	£14,842,580
Turnover growth	0%	14%
Gross profit margin	39%	42%
Profit before share based payment	£2,156,443	£2,970,397
Share based payment	-	(£1,085,644)
Profit before tax	£2,156,443	£1,884,753

Position of the business

At the end of the year, the consolidated net assets totalled £3,959,183.

Autosmart Holdings Limited
Directors' Report for the Year Ended 31 May 2009

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Financial risk

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

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The company's principal financial instruments comprise bank balances, trade debtors, trade creditors and loans to the company. The main purpose of these instruments is to finance the company's operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. All of the company's cash balances are held in such a way that achieves a competitive rate of interest. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from financial institutions. The interest rates and monthly repayments are detailed in note 16 of the financial statements. The company manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Results and dividend

The results for the group are set out in the financial statements.

An interim ordinary dividend of £555,674 was paid during the year.

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 held office during the year were as follows:

- Mr C A Ashton
- Mr C K Brain
- Ms J A Watkins
- Ms S Atkinson
- Ms E Plank (Resignation 1 June 2008)
- Mr K S McFarlane (Resignation 1 June 2008)

Autosmart Holdings Limited
Directors' Report for the Year Ended 31 May 2009

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Approved by the Board and signed on its behalf by:



Mr C A Ashton
Director

Date: 08/10/09.....

**Independent Auditors' Report to the Members of
Autosmart Holdings Limited (Registration number: 05433031)**

We have audited the financial statements of Autosmart Holdings Limited for the year ended 31 May 2009, set out on pages 7 to 27. 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 Sections 495 and 496 of the Companies Act 2006. Our 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB'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 the 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 the parent company's affairs as at 31 May 2009 and of the group's profit for the year 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 matter prescribed by the Companies Act 2006

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

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
Senior Statutory Auditor

for and on behalf of:
RSM Bentley Jennison, Statutory Auditor

Charterhouse
Legge Street
Birmingham
B4 7EU

Date: 20/10/2009

Autosmart Holdings Limited
Consolidated Profit and Loss Account for the Year Ended 31 May 2009

	Note	2009 £	2008 £	2008 Share Based Payment £	2008 Before Share Based Payment £
Turnover	2	14,879,214	14,842,580	-	14,842,580
Cost of sales		(9,040,444)	(8,570,954)	-	(8,570,954)
Gross profit		<u>5,838,770</u>	<u>6,271,626</u>	<u>-</u>	<u>6,271,626</u>
Distribution costs		(531,285)	(476,992)	-	(476,992)
Administrative expenses		(3,082,263)	(3,912,905)	(1,085,644)	(2,827,261)
Other operating income	3	152,332	195,662	-	195,662
Operating profit	4	<u>2,377,554</u>	<u>2,077,391</u>	<u>(1,085,644)</u>	<u>3,163,035</u>
Other interest receivable and similar income		85,922	257,784	-	257,784
Interest payable and similar charges	7	(307,033)	(450,422)	-	(450,422)
Profit on ordinary activities before taxation		<u>2,156,443</u>	<u>1,884,753</u>	<u>(1,085,644)</u>	<u>2,970,397</u>
Tax on profit on ordinary activities	8	(593,015)	(375,228)	-	(375,228)
Profit for the financial year	19	<u>1,563,428</u>	<u>1,509,525</u>	<u>(1,085,644)</u>	<u>2,595,169</u>

Turnover and operating profit derive wholly from continuing operations.

The notes on pages 12 to 27 form an integral part of these financial statements.

Autosmart Holdings Limited

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 May 2009

	2009	2008
	£	£
Profit for the financial year	1,563,428	1,509,525
Prior year adjustment in profit and loss reserve	-	(67,253)
Prior year adjustment in share based payment reserve	-	67,253
Total recognised gains for the year	<u>1,563,428</u>	<u>1,509,525</u>

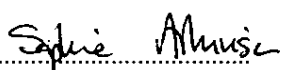
The notes on pages 12 to 27 form an integral part of these financial statements.

Autosmart Holdings Limited (Registration number: 05433031)

Consolidated Balance Sheet as at 31 May 2009

		2009		2008	
	Note	£	£	£	£
Fixed assets					
Intangible assets	10		2,016,930		2,070,782
Tangible assets	11		<u>1,083,633</u>		<u>1,145,909</u>
			3,100,563		3,216,691
Current assets					
Stocks	13	1,091,367		1,007,185	
Debtors	14	2,118,282		2,270,034	
Cash at bank and in hand		<u>2,110,063</u>		<u>2,309,412</u>	
		5,319,712		5,586,631	
Creditors: Amounts falling due within one year	15	<u>(2,638,580)</u>		<u>(3,405,892)</u>	
Net current assets			<u>2,681,132</u>		<u>2,180,739</u>
Total assets less current liabilities			5,781,695		5,397,430
Creditors: Amounts falling due after more than one year	16		<u>(1,822,512)</u>		<u>(2,446,001)</u>
Net assets			<u>3,959,183</u>		<u>2,951,429</u>
Capital and reserves					
Called up share capital	18		578,572		578,572
Share premium reserve	19		73,806		73,806
Share based payment reserve	19		1,152,897		1,152,897
Profit and loss account	19		<u>2,153,908</u>		<u>1,146,154</u>
Shareholders' funds	21		<u>3,959,183</u>		<u>2,951,429</u>

Approved by the Board on 8/10/09 and signed on its behalf by:



Ms S Atkinson
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

Autosmart Holdings Limited
Company Balance Sheet as at 31 May 2009

		2009	2008
	Note	£	£
Fixed assets			
Investments	12	10,691,452	10,691,452
Current assets			
Debtors	14	31,000	41,500
Cash at bank and in hand		<u>5,398</u>	<u>600</u>
		36,398	42,100
Creditors: Amounts falling due within one year	15	<u>(2,718,803)</u>	<u>(1,316,716)</u>
Net current liabilities		<u>(2,682,405)</u>	<u>(1,274,616)</u>
Total assets less current liabilities		8,009,047	9,416,836
Creditors: Amounts falling due after more than one year	16	<u>(1,822,512)</u>	<u>(2,446,001)</u>
Net assets		<u>6,186,535</u>	<u>6,970,835</u>
Capital and reserves			
Called up share capital	18	578,572	578,572
Share premium reserve	19	73,806	73,806
Share based payment reserve	19	1,152,897	1,152,897
Profit and loss account	19	<u>4,381,260</u>	<u>5,165,560</u>
Shareholders' funds	21	<u>6,186,535</u>	<u>6,970,835</u>

Approved by the Board on 8/10/2009 and signed on its behalf by:

.....*Sophie Atkinson*.....

Ms S Atkinson
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

Autosmart Holdings Limited
Consolidated Cash Flow Statement for the Year Ended 31 May 2009

		2009	2008
	Note	£	£
Net cash flow from operating activities	24	2,579,353	3,115,930
Returns on investment and servicing of finance	25	(221,111)	(192,638)
Taxation	25	(708,421)	(729,548)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(139,031)	(149,770)
Sale of intangible fixed assets		14,108	113,293
Purchase of tangible fixed assets		(178,878)	(280,102)
Sale of tangible fixed assets		8,774	11,911
		(295,027)	(304,668)
Equity dividends paid		(505,674)	(702,151)
Cash inflow before management of liquid resources and financing		849,120	1,186,925
Financing			
Repayment of loans and borrowings		(1,048,469)	(756,491)
Issue of equity shares		-	221,424
		(1,048,469)	(535,067)
Net cash flow		(199,349)	651,858

Reconciliation of net cash flow to movement in net funds

		2009	2008
	Note	£	£
(Decrease)/increase in cash in the year	26	(199,349)	651,858
Cash outflow from decrease in debt and lease financing		1,048,469	756,491
Change in net funds resulting from cash flows		849,120	1,408,349
Net debt at the start of the year	26	(561,569)	(1,969,918)
Net funds/(debt) at the end of the year	26	287,551	(561,569)

The notes on pages 12 to 27 form an integral part of these financial statements.

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are set out below.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 May 2009. The acquisitions method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. Its loss for the financial year was £228,626 (2008 - £331,815).

Turnover

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

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Trade marks	10% straight line basis
Goodwill	5% straight line basis

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

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

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

Freehold land and building are not depreciated. It is the company's policy to maintain these assets in a good state of repair to carry out impairment reviews 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.

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.

Research and development expenditure

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 reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

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Fixed asset investments

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

Stock

Stock is valued at the lower of 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.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences 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.

Operating leases

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

Pensions

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.

Share based payment

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 of the equity-settled share-based payments is 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 the maintainable earnings method.

2 Turnover

An analysis of turnover by geographical market is given below:

	2009	2008
	£	£
Sales - UK	11,411,276	11,318,057
Sales - Europe	3,153,051	3,214,984
Sales - Rest of world	314,887	309,539
	14,879,214	14,842,580

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

3 Other operating income

	2009 £	2008 £
Rent receivable	546	546
Other income	151,786	195,116
	<u>152,332</u>	<u>195,662</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

	2009 £	2008 £
Hire of other assets (Operating leases)	21,278	44,668
Hire of other assets (Spot hire)	43,505	18,973
The audit of the company's annual accounts	11,585	11,450
Auditors' remuneration - non audit services	-	-
Company	14,325	19,063
Group	(64,938)	103,025
Foreign currency (gains)/losses	1,575	32,316
Loss on sale of fixed assets	239,451	272,609
Depreciation of owned tangible fixed assets	111,602	111,742
Amortisation of goodwill	10,500	10,500
Amortisation of arrangement fee	<u> </u>	<u> </u>

5 Particulars of employees

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2009 No.	2008 No.
Technical and production	37	37
Sales	15	14
Administration	39	41
	<u>91</u>	<u>92</u>

The aggregate payroll costs of these persons were as follows:

	2009 £	2008 £
Wages and salaries	2,490,123	3,520,112
Social security	264,864	245,157
Other pension costs	195,277	179,828
	<u>2,950,264</u>	<u>3,945,097</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

6 Directors' remuneration

The directors' remuneration for the year are as follows:

	2009 £	2008 £
Directors' remuneration (including benefits in kind)	488,900	1,464,507
Directors' pension contributions	68,764	54,839
	<u>557,664</u>	<u>1,519,346</u>

Directors' emoluments include £nil (2008: £1,085,644) relating to share based payment adjustments to reflect the requirements of FRS 20 "Share-based payments".

The group had a share option scheme for certain directors of the company in exchange for long-term commitment to the future business. Options were exercisable from the vesting date of 10 November 2006 at £1.50. If the options remained unexercised after a period of 10 years from the date of grant, the options would expire. All 73,806 share options were exercised during the previous year at £1.50 per share. No options are outstanding.

The shares were valued at the vesting date of 10 November 2006 at £7.81 per share. The valuation was carried out using the maintainable earning method.

During the year the number of directors who were accruing benefits under company pension schemes was as follows:

	2009 No.	2008 No.
Money purchase	<u>6</u>	<u>4</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £112,758 (2008 - £478,889), and company pension contributions of £14,133 (2008 - £12,130) were made to a money purchase scheme on their behalf.

7 Interest payable and similar charges

	2009 £	2008 £
Foreign currency losses	161,506	232,120
Bank loan interest payable	145,527	218,302
	<u>307,033</u>	<u>450,422</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

8 Taxation

Analysis of current period tax charge

	2009 £	2008 £
Current tax		
Corporation tax charge	626,000	576,000
Over provision in previous year	<u>(19,672)</u>	<u>(205,409)</u>
UK Corporation tax	<u>606,328</u>	<u>370,591</u>
 Deferred tax		
Origination and reversal of timing differences	<u>(13,313)</u>	<u>4,637</u>
 Total tax on profit on ordinary activities	<u><u>593,015</u></u>	<u><u>375,228</u></u>

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2008 - lower than) the standard rate of corporation tax in the UK of 28.00% (2008 - 28.00%).

The differences are reconciled below:

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>2,156,443</u>	<u>1,884,753</u>
Standard rate corporation tax charge	603,804	527,731
Expenses not deductible for tax purposes	13,737	38,202
Capital allowances in excess of depreciation	6,900	8,224
Other adjustments	35,347	(61,406)
Adjustments to tax charge in respect of prior periods	(24,802)	(205,409)
Research and development relief	(29,558)	-
Change in effective tax rate	-	32,359
Amortisation on goodwill	-	30,879
Rounding	-	11
Short term timing differences	900	-
Total current tax for the year	<u><u>606,328</u></u>	<u><u>370,591</u></u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... *continued*

9 Dividends

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Equity dividends				
Ordinary dividend paid	<u>555,674</u>	<u>702,151</u>	<u>555,674</u>	<u>702,151</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

10 Intangible fixed assets

Group

	Goodwill £	Trade marks £	Territories £	Total £
Cost				
As at 1 June 2008	2,205,647	33,963	180,296	2,419,906
Additions	-	10,078	128,953	139,031
Disposals	-	-	(27,662)	(27,662)
As at 31 May 2009	<u>2,205,647</u>	<u>44,041</u>	<u>281,587</u>	<u>2,531,275</u>
Amortisation				
As at 1 June 2008	165,423	31,090	152,611	349,124
Eliminated on disposals	-	-	(4,908)	(4,908)
Charge for the year	110,282	1,318	58,529	170,129
As at 31 May 2009	<u>275,705</u>	<u>32,408</u>	<u>206,232</u>	<u>514,345</u>
Net book value				
As at 31 May 2009	<u>1,929,942</u>	<u>11,633</u>	<u>75,355</u>	<u>2,016,930</u>
As at 31 May 2008	<u>2,040,224</u>	<u>2,873</u>	<u>27,685</u>	<u>2,070,782</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

11 Tangible fixed assets

Group

	Freehold land and buildings £	Plant and machinery £	Equipment, vans and containers £	Total £
Cost				
As at 1 June 2008	821,496	1,944,294	999,462	3,765,252
Additions	-	105,480	73,398	178,878
Disposals	(178,117)	(109,226)	(249,445)	(536,788)
As at 31 May 2009	<u>643,379</u>	<u>1,940,548</u>	<u>823,415</u>	<u>3,407,342</u>
Depreciation				
As at 1 June 2008	178,116	1,558,903	882,324	2,619,343
Eliminated on disposals	(178,116)	(107,526)	(249,443)	(535,085)
Charge for the year	-	171,618	67,833	239,451
As at 31 May 2009	<u>-</u>	<u>1,622,995</u>	<u>700,714</u>	<u>2,323,709</u>
Net book value				
As at 31 May 2009	<u>643,379</u>	<u>317,553</u>	<u>122,701</u>	<u>1,083,633</u>
As at 31 May 2008	<u>643,380</u>	<u>385,391</u>	<u>117,138</u>	<u>1,145,909</u>

Land and buildings

The net book value of land and buildings includes:

	Land and buildings	
	2009 £	2008 £
Freehold	<u>643,379</u>	<u>643,380</u>
	<u>643,379</u>	<u>643,380</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

12 Fixed asset investments

Company

	Group shares £	Other investment in subsidiary undertakings £	Total £
Cost			
As at 1 June 2008 and 31 May 2009	9,538,555	1,152,897	10,691,452
Net book value			
As at 31 May 2009	9,538,555	1,152,897	10,691,452
As at 31 May 2008	9,538,555	1,152,897	10,691,452

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 the share options has been incurred by Autosmart International Limited and therefore results in a corresponding increase in investment in the subsidiary.

The group holds more than 20% of the share capital of the following companies:

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Autosmart Group Limited	United Kingdom	Dormant	Ordinary	100
Autosmart International Limited	United Kingdom	Manufacture, marketing, distribution and sale of valeting and maintenance products for vehicles.	Ordinary	100

13 Stocks

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Raw materials	597,164	529,104	-	-
Finished goods	494,203	478,081	-	-
	<u>1,091,367</u>	<u>1,007,185</u>	<u>-</u>	<u>-</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

14 Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	1,874,365	1,832,015	-	-
Other debtors	129,601	273,648	31,000	41,500
Deferred tax	65,266	51,953	-	-
Prepayments and accrued income	49,050	112,418	-	-
	<u>2,118,282</u>	<u>2,270,034</u>	<u>31,000</u>	<u>41,500</u>

Group debtors includes £833 (2008 - £39,101) receivable after more than one year and parent company debtors includes £nil (2008 - £nil) receivable after more than one year.

This can be analysed as follows:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Other debtors	<u>833</u>	<u>39,101</u>	<u>-</u>	<u>-</u>

15 Creditors: Amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans (see note 16)	-	424,980	-	424,980
Trade creditors	1,548,144	1,605,376	-	-
Amounts owed to group undertakings	-	-	2,662,054	860,702
Corporation tax	-	84,292	-	-
Social security and other taxes	259,538	279,922	-	-
Other creditors	274,479	203,641	50,000	-
Accruals and deferred income	556,419	807,681	6,749	31,034
	<u>2,638,580</u>	<u>3,405,892</u>	<u>2,718,803</u>	<u>1,316,716</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans (see below)	<u>1,822,512</u>	<u>2,446,001</u>	<u>1,822,512</u>	<u>2,446,001</u>

Included in the creditors are the following amounts due after more than five years:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
After more than five years by instalments	<u>-</u>	<u>1,981,925</u>	<u>-</u>	<u>1,981,925</u>

The bank loans are repayable at various rates of interest.

Interest on the 'A' loan is calculated at 2.25% per annum above the Bank's base rate.

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

Interest on the mortgage loan is calculated at 2% per annum above the Bank's base rate.

Interest on the loans are repayable in arrears on a quarterly basis and interest on the mortgage loan is repayable on the set interest payment dates.

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.

On 28 July 2009 the company repaid €469,280 of bank loans in advance of a repayment date agreed.

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

17 Maturity of borrowings

Group

Amounts repayable:

	Bank loans £
As at 31 May 2009	
Between two and five years	1,822,512
	<u>1,822,512</u>
As at 31 May 2008	
In one year or less on demand	424,980
Between one and two years	289,116
Between two and five years	174,960
After more than five years by instalments	1,981,925
	<u>2,870,981</u>

Company

Amounts repayable:

	Bank loans £
As at 31 May 2009	
Between two and five years	1,822,512
	<u>1,822,512</u>
As at 31 May 2008	
In one year or less on demand	424,980
Between one and two years	289,116
Between two and five years	174,960
After more than five years by instalments	1,981,925
	<u>2,870,981</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

18 Share capital

	2009 £	2008 £
Authorised		
Equity		
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		
Equity		
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>

19 Reserves

Group

	Share premium reserve £	Share based payment reserve £	Profit and loss account £	Total £
Balance at 1 June 2008	73,806	1,152,897	1,146,154	2,372,857
Transfer from profit and loss account for the year	-	-	1,563,428	1,563,428
Dividends	-	-	(555,674)	(555,674)
Balance at 31 May 2009	<u>73,806</u>	<u>1,152,897</u>	<u>2,153,908</u>	<u>3,380,611</u>

Company

	Share premium reserve £	Share based payment reserve £	Profit and loss account £	Total £
Balance at 1 June 2008	73,806	1,152,897	5,165,560	6,392,263
Transfer from profit and loss account for the year	-	-	(228,626)	(228,626)
Dividends	-	-	(555,674)	(555,674)
Balance at 31 May 2009	<u>73,806</u>	<u>1,152,897</u>	<u>4,381,260</u>	<u>5,607,963</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

20 Share based payment

The group has a share option scheme for certain directors of the company in exchange for long-term commitment to the future business. Options are exercisable from the vesting date of 10 November 2006 at £1.50. If the options remained unexercised after a period of 10 years from the date of grant, the options would expire. All 73,806 share options were exercised during the prior year £1.50 per share. No options are outstanding at the year end.

The shares were valued at the vesting date of 10 November 2006 at £7.81 per share. The valuation was carried out using the maintainable earnings method.

21 Reconciliation of movements in shareholders' funds

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Profit attributable to members of the group/company	1,563,428	1,509,525	(228,626)	(331,815)
Dividends	(555,674)	(702,151)	(555,674)	(702,151)
	<u>1,007,754</u>	<u>807,374</u>	<u>(784,300)</u>	<u>(1,033,966)</u>
Other recognised gains for the year	-	1,085,644	-	1,085,644
New share capital subscribed	-	221,424	-	221,424
Net addition to shareholders' funds	<u>1,007,754</u>	<u>2,114,442</u>	<u>(784,300)</u>	<u>273,102</u>
Opening shareholders' funds	<u>2,951,429</u>	<u>836,987</u>	<u>6,970,835</u>	<u>(86,817)</u>
Closing shareholders' funds	<u>3,959,183</u>	<u>2,951,429</u>	<u>6,186,535</u>	<u>6,970,835</u>

22 Operating lease commitments

Group

As at 31 May 2009 the group had annual commitments under non-cancellable operating leases as follows:

	Other	
	2009 £	2008 £
Within one year	10,812	21,898
Within two to five years	<u>35,459</u>	<u>7,453</u>
	<u>46,271</u>	<u>29,351</u>

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... *continued*

23 Pension scheme

Defined contribution 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 £195,277 (2008 - £179,828).

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

Autosmart Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 May 2009

..... continued

24 Reconciliation of operating profit to operating cash flows

	2009 £	2008 £
Operating profit	2,377,555	2,077,391
Depreciation, amortisation and impairment charges	409,580	436,351
Loss on disposal of fixed assets	1,574	32,316
Increase in stocks	(84,182)	(229,568)
Decrease/(increase) in debtors	182,866	(503,171)
(Decrease)/increase in creditors	(308,040)	216,967
Share based payment	-	1,085,644
Net cash inflow from operating activities	<u>2,579,353</u>	<u>3,115,930</u>

25 Analysis of cash flows

	2009 £	2008 £
Returns on investment and servicing of finance		
Other interest paid	(307,033)	(450,422)
Interest received	85,922	257,784
	<u>(221,111)</u>	<u>(192,638)</u>
Taxation		
Taxation paid	<u>(708,421)</u>	<u>(729,548)</u>

26 Analysis of net funds/(debt)

	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand	2,309,412	(199,349)	2,110,063
Debt due within one year	(424,980)	424,980	-
Debt due after one year	(2,446,001)	623,489	(1,822,512)
Change in debt	<u>(2,870,981)</u>	<u>1,048,469</u>	<u>(1,822,512)</u>
Net funds/(debt)	<u>(561,569)</u>	<u>849,120</u>	<u>287,551</u>

27 Related parties

Controlling entity

The company is controlled by S Atkinson.