

Autosmart Group Limited

Directors' Report and Financial Statements

for the Year Ended 31 May 2006

Registration number: 4838643



Autosmart Group Limited

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The following page does not form part of the statutory financial statements:

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Autosmart Group Limited

Officers and Advisers

Directors	C A Ashton S Atkinson C K Brain J A Watkins
Secretary	J A Watkins
Registered office	Lynn Lane Shenstone Lichfield Staffordshire WS14 0DH
Solicitors	Wragge and Co 55 Colmore Row Birmingham B3 2AS
Bankers	Lloyds TSB Bank Plc 125 Colmore Row Birmingham B3 3SD
Auditors	Bentley Jennison Chartered Accountants & Registered Auditors Charterhouse Legge Street Birmingham B4 7EU

Autosmart Group Limited
Directors' Report for the Year Ended 31 May 2006

The directors present their report and the audited financial statements for the year ended 31 May 2006.

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 Policies.

Company law requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity and business review

The principal activity of the company is that of a holding company.

The directors consider that the results for the year and the financial position at the end of the year were satisfactory.

Results and dividend

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

The directors do not recommend the payment of a dividend.

Autosmart Group Limited
Directors' Report for the Year Ended 31 May 2006

..... continued

Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows:

A ordinary shares of £1 each

	End of year No.	Start of year No.
C A Ashton	16,379	-
S Atkinson	318,215	364,286
C K Brain	16,379	-
J A Watkins	13,313	-

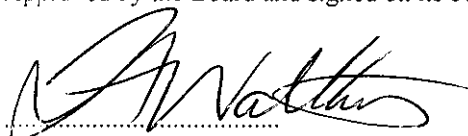
B ordinary shares of £1 each

	End of year No.	Start of year No.
C A Ashton	23,334	23,334
S Atkinson	-	-
C K Brain	23,334	23,334
J A Watkins	20,000	20,000

Auditors

The auditors, Bentley Jennison, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Approved by the Board and signed on its behalf by:



J A Watkins
Company Secretary

Date: 16/10/06

Independent Auditors' Report to the Members of Autosmart Group Limited

We have audited the financial statements of Autosmart Group Limited for the year ended 31 May 2006 set out on pages 5 to 15. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements.


Bentley-Jennison
Chartered Accountants & Registered Auditors

Date: 19 October 2006

Charterhouse
Legge Street
Birmingham
B4 7EU

Autosmart Group Limited
Profit and Loss Account for the Year Ended 31 May 2006

	Note	2006 £	2005 £
Income from shares in group undertakings		1,790,868	240,000
Amounts written back to investments		-	84,723
Interest payable and similar charges	5	(325,678)	(455,078)
Profit/(loss) on ordinary activities before taxation		1,465,190	(130,355)
Tax on profit/(loss) on ordinary activities	6	97,700	136,500
Profit on ordinary activities after taxation		1,562,890	6,145
Retained profit brought forward		103,783	97,638
Retained profit carried forward		1,666,673	103,783

Turnover and operating profit derive wholly from continuing operations.

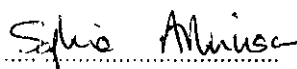
The company has no recognised gains or losses other than the profit for the year.

The notes on pages 8 to 15 form an integral part of these financial statements.

Autosmart Group Limited
Balance Sheet as at 31 May 2006

		2006		2005	
	Note	£	£	£	£
Fixed assets					
Investments	7		6,784,550		6,784,550
Current assets					
Debtors	8	-		590,000	
Cash at bank and in hand		3,355		10,536	
		<u>3,355</u>		<u>600,536</u>	
Creditors: Amounts falling due within one year	9	<u>(1,546,661)</u>		<u>(1,712,478)</u>	
Net current liabilities			<u>(1,543,306)</u>		<u>(1,111,942)</u>
Total assets less current liabilities			5,241,244		5,672,608
Creditors: Amounts falling due after more than one year	10		<u>(2,974,569)</u>		<u>(4,968,823)</u>
Net assets			<u>2,266,675</u>		<u>703,785</u>
Capital and reserves					
Called up share capital	12		566,668		566,668
Share premium reserve	13		33,334		33,334
Profit and loss account	13		<u>1,666,673</u>		<u>103,783</u>
Equity shareholders' funds	14		<u>2,266,675</u>		<u>703,785</u>

Approved by the Board on 16.10.06 and signed on its behalf by:



S Atkinson
Director

The notes on pages 8 to 15 form an integral part of these financial statements.

Autosmart Group Limited

Cash Flow Statement for the Year Ended 31 May 2006

		2006	2005
	Note	£	£
Net cash flow from operating activities	16	184,183	844,830
Returns on investment and servicing of financing	17	1,705,190	(455,076)
Taxation refund		97,700	-
Cash inflow before management of liquid resources and financing		<u>1,987,073</u>	<u>389,754</u>
Financing	17	<u>(1,994,254)</u>	<u>(481,474)</u>
Net cash flow		<u><u>(7,181)</u></u>	<u><u>(91,720)</u></u>

Reconciliation of net cash flow to movement in net debt

		2006	2005
	Note	£	£
Decrease in cash in the year	18	(7,181)	(91,720)
Cash inflow from increase in debt and lease financing		<u>1,994,254</u>	<u>481,474</u>
Change in net debt resulting from cash flows		<u>1,987,073</u>	<u>389,754</u>
Net debt at the start of the year	18	<u>(5,453,667)</u>	<u>(5,843,421)</u>
Net debt at the end of the year	18	<u><u>(3,466,594)</u></u>	<u><u>(5,453,667)</u></u>

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

1 Accounting policies

Basis of preparation

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

Under section 248 of the Companies Act 1985 the group is exempt from the requirement to prepare group accounts by virtue of its size. Therefore the accounts present information about the company as an individual undertaking and not about its group

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

Other fixed asset investments

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

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

2 Income from investments

	2006	2005
	£	£
Fixed asset investments	<u>1,790,868</u>	<u>240,000</u>

3 Particulars of employees

The average number of persons employed by the company (including directors) during the year was as follows:

	2006	2005
	No.	No.
Administration	<u>4</u>	<u>4</u>

4 Directors' emoluments

No emoluments were paid to the directors during the year (2005 - £nil).

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

Remuneration paid to the directors by subsidiary undertakings was:

	2006 £	2005 £
Directors pension contributions	42,301	32,202
Directors emoluments (including benefits in kind)	360,121	383,055
	<u>402,422</u>	<u>415,257</u>

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

	2006 No.	2005 No.
Money purchase	<u>4</u>	<u>4</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £163,260 (2005 - £123,329), and company pension contributions of £17,568 (2005 - £10,839) were made to a money purchase scheme on their behalf.

5 Interest payable and similar charges

	2006 £	2005 £
Bank loan interest payable	154,577	185,078
Other interest payable	171,101	270,000
	<u>325,678</u>	<u>455,078</u>

6 Taxation

Analysis of current period tax credit

	2006 £	2005 £
Current tax		
UK Corporation tax	<u>(97,700)</u>	<u>(136,500)</u>

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

Factors affecting current period tax credit

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2005 - lower than) the standard rate of corporation tax in the UK of 30.00% (2005 - 30.00%).

The differences are reconciled below:

	2006	2005
	£	£
Profit/(loss) on ordinary activities before taxation	<u>1,465,190</u>	<u>(130,355)</u>
Standard rate corporation tax charge/(credit)	439,557	(39,106)
Expenses not deductible for tax purposes (including goods)	-	-
Dividends received not taxable	(537,260)	(72,000)
Release of investment provision	-	(25,394)
Rounding	3	-
Total current tax for the year	<u>(97,700)</u>	<u>(136,500)</u>

Factors which may affect future tax charges

There are no factors that may affect future tax charges.

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

7 Fixed asset investments

	Group shares £
Cost	
As at 1 June 2005 and 31 May 2006	<u>6,699,827</u>
Provision	
As at 1 June 2005 and 31 May 2006	<u>(84,723)</u>
Net book value	
As at 31 May 2006	<u>6,784,550</u>
As at 31 May 2005	<u>6,784,550</u>

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

	Country of incorporation	Principal activity	Class	%	Year end
Subsidiary undertakings					
Autosmart International Limited	England	Manufacture, distribution and sale of vehicle cleaning products.	Ordinary	100	31 May 2006

	Capital & reserves £	Profit/(loss) for the year £
Subsidiary undertakings		
Autosmart International Limited	4,331,461	-

8 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	<u>-</u>	<u>590,000</u>

9 Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	495,380	495,380
Amounts owed to group undertakings	<u>1,051,281</u>	<u>1,217,098</u>
	<u>1,546,661</u>	<u>1,712,478</u>

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

10 Creditors: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	1,573,769	2,068,023
Non-convertible Debentures due between two and five years	1,400,800	2,900,800
	<u>2,974,569</u>	<u>4,968,823</u>

The bank loans are repayable at various rates of interest ranging from 4.77602% p.a. to 7.33075% p.a., together with a variable rate loan.

The debenture loans consist of variable rate loan notes 2014. Unless previously repaid by the company, the loan notes will be repaid at par together with any interest then due in three equal instalments on 2 December 2007, 2 December 2008 and 2 December 2009 (or such other amounts and dates as the company may notify the shareholders), provided that the notes will, to the extent that any are still outstanding, be repaid on 2 December 2014.

The interest rate for the loan notes is 9.3% p.a., unless the repayments are not made on the scheduled repayment dates, when the rate will be varied on 1 January in each subsequent year to reflect the same percentage variation in the Harmonised Consumer Price Index since the previous 1 January.

On 6 September 2005 the company repaid £1,000,000 of Debenture loan stock in advance of a repayment date agreed. A further £500,000 was repaid early on 14 February 2006.

The bank borrowing is secured by an unlimited debenture and the loan notes are also secured.

11 Maturity of borrowings

Amounts repayable:

	Non-convertible Debentures £	Bank loans & overdrafts £	Total £
As at 31 May 2006			
In one year or less on demand	-	495,380	495,380
Between one and two years	-	329,189	329,189
Between two and five years	1,400,800	853,366	2,254,166
After more than five years by instalments	-	391,214	391,214
	<u>1,400,800</u>	<u>2,069,149</u>	<u>3,469,949</u>
As at 31 May 2005			
In one year or less on demand	-	495,380	495,380
Between one and two years	-	495,343	495,343
Between two and five years	2,900,800	974,199	3,874,999
After more than five years by instalments	-	598,481	598,481
	<u>2,900,800</u>	<u>2,563,403</u>	<u>5,464,203</u>

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

12 Share capital

	2006 £	2005 £
Authorised		
364,286 A ordinary shares of £1 each	364,286	364,286
214,286 B ordinary shares of £1 each	214,286	214,286
135,714 C ordinary shares of £1 each	135,714	135,714
	<u>714,286</u>	<u>714,286</u>
Allotted, called up and fully paid		
364,286 A ordinary shares of £1 each	364,286	364,286
66,668 B ordinary shares of £1 each	66,668	66,668
135,714 C ordinary shares of £1 each	135,714	135,714
	<u>566,668</u>	<u>566,668</u>

J A Watkins, C A Ashton and C K Brain have been granted options to acquire 41,900, 52,859, and 52,859 B ordinary shares of £1 each respectively at a premium of 50p. These options can be exercised at anytime upto 21 April 2014.

13 Reserves

	Share premium reserve £	Profit and loss account £	Total £
Balance at 1 June 2005	33,334	103,783	137,117
Transfer from profit and loss account for the year	-	1,562,890	1,562,890
Balance at 31 May 2006	<u>33,334</u>	<u>1,666,673</u>	<u>1,700,007</u>

14 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit attributable to members of the company	<u>1,562,890</u>	<u>6,145</u>
	1,562,890	6,145
Opening equity shareholders' funds	<u>703,785</u>	<u>697,640</u>
Closing equity shareholders' funds	<u>2,266,675</u>	<u>703,785</u>

15 Contingent liabilities

A cross guarantee exists in respect of the bank overdraft and loans. As at 31 May 2006 this amounted to £114,741

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

16 Reconciliation of operating profit to operating cash flows

	2006 £	2005 £
Operating Profit	-	84,723
Decrease in debtors	350,000	-
(Decrease)/Increase in creditors	(165,817)	844,830
Decrease in provisions	-	(84,723)
Net cash inflow from operating activities	<u>184,183</u>	<u>844,830</u>

17 Analysis of cash flows

	2006 £	2005 £
Returns on investment and servicing of financing		
Other interest paid	(325,678)	(455,076)
Dividends received	2,030,868	-
	<u>1,705,190</u>	<u>(455,076)</u>
Financing		
Repayment of loans and borrowings	<u>(1,994,254)</u>	<u>(481,474)</u>
	<u>(1,994,254)</u>	<u>(481,474)</u>

18 Analysis of net debt

	At start of period £	Cash flow £	Other non-cash changes £	At end of period £
Cash at bank and in hand	10,536	(7,181)	-	3,355
Bank overdraft	-	-	-	-
Cash and bank net debt	<u>10,536</u>	<u>(7,181)</u>	<u>-</u>	<u>3,355</u>
Debt due within one year	(495,380)	494,254	(494,254)	(495,380)
Debt due after one year	(4,968,823)	1,500,000	494,254	(2,974,569)
Change in debt	<u>(5,464,203)</u>	<u>1,994,254</u>	<u>-</u>	<u>(3,469,949)</u>
Net debt	<u>(5,453,667)</u>	<u>1,987,073</u>	<u>-</u>	<u>(3,466,594)</u>

19 Post balance sheet events

On 4 August 2006, the company repaid £500,000 of debenture loans. The was 1½ years ahead of schedule.

Autosmart Group Limited

Notes to the Financial Statements for the Year Ended 31 May 2006

..... continued

20 Related parties

Controlling entity

The controlling party is S Atkinson.