

# Autosmart Holdings Limited

Directors' Report and Abbreviated Accounts

for the Year Ended 31 May 2008

Registration number: 05433031

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## **Autosmart Holdings Limited**

### **Contents Page**

Officers and advisers .....	1
Directors' report .....	2 to 3
Independent auditors' report .....	4
Abbreviated profit and loss account .....	5
Statement of total recognised gains and losses .....	6
Abbreviated balance sheet .....	7
Cash flow statement .....	8
Notes to the abbreviated accounts .....	9 to 17

**Autosmart Holdings Limited**  
**Officers and Advisers**

<b>Directors</b>	Mr C A Ashton
	Mr C K Brain
	Ms J A Watkins
	Ms S Atkinson
	Ms E Plank (appointed 31 July 2007)
	Mr K S McFarlane (appointed 31 July 2007)
<b>Registered office</b>	Lynn Lane Shenstone Lichfield Staffordshire WS13 0DH
<b>Solicitors</b>	Keelys 28 Dam Street Lichfield Staffordshire WS13 6AA
<b>Auditors</b>	RSM Bentley Jennison Chartered Accountants & Registered Auditors Charterhouse Legge Street Birmingham B4 7EU

## **Autosmart Holdings Limited**

### **Directors' Report for the Year Ended 31 May 2008**

The directors present their report and the audited consolidated financial statements for the year ended 31 May 2008.

#### **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 1985. 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.

#### **Business review**

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.

2008 has been a very strong year for us. Sales increased by 15% with growth coming from all geographic regions. This fell through to our bottom line with a record operating profit of £3.3m before share transactions. Our sales increase was particularly pronounced in the UK.

We were delighted to receive the award for the Best British Franchise 2008, a tribute to our franchisees' performance.

We now have 54 European mobile showrooms which is a record, and continued expansion into Europe is planned over the next few years. Our German pilot has done well, and is expected to be a new market for us.

2008 has also seen our first steps into the USA with 2 franchisees in Philadelphia.

We continue to invest strongly in the areas that drive our sales growth namely franchisee recruiting and coaching and product research and development. We have also completed a large investment in our manufacturing capacity.

Our plans for the year ahead are unaffected by the current economic climate. We continue to expect 20 – 25 new franchised outlets per year and an active product development programme. The directors consider the performance of the company to be very satisfactory and will continue to show flexibility and respond to market conditions and to opportunities as they arise.

**Autosmart Holdings Limited**  
**Directors' Report for the Year Ended 31 May 2008**

..... *continued*

**Directors**

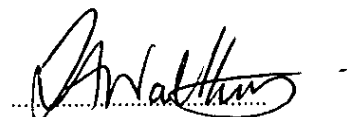
The directors who held office during the year were as follows:

- Mr C A Ashton
- Mr C K Brain
- Ms J A Watkins
- Ms S Atkinson
- Ms E Plank (appointed 31 July 2007)
- Mr K S McFarlane (appointed 31 July 2007)

**Auditors**

The auditors, RSM Bentley Jennison, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the Board and signed on its behalf by:



Ms J A Watkins  
Director

Date: 17/3/09

**Independent Auditors' Report to  
Autosmart Holdings Limited  
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts of Autosmart Holdings Limited, set out on pages 5 to 17, together with the financial statements of the company for the year ended 31 May 2008 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with those provisions.

*RSM Bentley Jennison*

RSM Bentley Jennison  
Chartered Accountants & Registered Auditors

Date: *24/3/2009*

Charterhouse  
Legge Street  
Birmingham  
B4 7EU

**Autosmart Holdings Limited**  
**Abbreviated Profit and Loss Account for the Year Ended 31 May 2008**

	Note	Year ended 31 May 2008 £	1 May 2006 to 31 May 2007 £
<b>Gross profit</b>		-	-
Administrative expenses		(10,500)	(10,500)
<b>Operating loss</b>	2	<u>(10,500)</u>	<u>(10,500)</u>
Income from shares in group undertakings		-	6,829,676
Other interest receivable and similar income		111	12
Interest payable and similar charges	5	(450,422)	(174,662)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(460,811)</u>	<u>6,644,526</u>
Tax on (loss)/profit on ordinary activities	6	128,996	55,000
<b>(Loss)/profit for the financial year</b>	14	<u><u>(331,815)</u></u>	<u><u>6,699,526</u></u>

Turnover and operating loss derive wholly from continuing operations.

**Autosmart Holdings Limited**

**Statement of Total Recognised Gains and Losses for the Year Ended 31 May 2008**

	<b>Year ended 31 May 2008</b>	<b>1 May 2006 to 31 May 2007 <i>as restated</i></b>
	<b>£</b>	<b>£</b>
Net (loss)/profit for the year	(331,815)	6,699,526
Total (losses) and gains for the year	(331,815)	<u>6,699,526</u>
Prior year adjustment	67,253	
Total recognised losses since the last annual report	<u>(264,562)</u>	

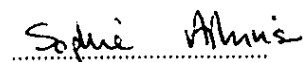


**Autosmart Holdings Limited**  
**Abbreviated Balance Sheet as at 31 May 2008**

		31 May 2008		31 May 2007 <i>as restated</i>	
	Note	£	£	£	£
<b>Fixed assets</b>					
Investments	8		10,691,452		9,605,808
<b>Current assets</b>					
Debtors	9	41,500		897,824	
Cash at bank and in hand		<u>600</u>		<u>982</u>	
		42,100		898,806	
<b>Creditors: Amounts falling due within one year</b>	10	<u>(1,316,716)</u>		<u>(604,389)</u>	
<b>Net current (liabilities)/assets</b>			<u>(1,274,616)</u>		<u>294,417</u>
<b>Total assets less current liabilities</b>			9,416,836		9,900,225
<b>Creditors: Amounts falling due after more than one year</b>	11		<u>(2,446,001)</u>		<u>(3,202,492)</u>
<b>Net assets</b>			<u>6,970,835</u>		<u>6,697,733</u>
<b>Capital and reserves</b>					
Called up share capital	13		578,572		430,954
Share premium reserve	14		73,806		-
Share based payment reserve	14		1,152,897		67,253
Profit and loss account	14		<u>5,165,560</u>		<u>6,199,526</u>
<b>Equity shareholders' funds</b>	17		<u>6,970,835</u>		<u>6,697,733</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board on 17.3.09 and signed on its behalf by:



Ms S Atkinson  
Director

**Autosmart Holdings Limited**  
**Cash Flow Statement for the Year Ended 31 May 2008**

		31 May 2008	31 May 2007
	Note	£	£
Net cash flow from operating activities	19	1,687,147	(728,913)
Returns on investment and servicing of finance	20	(450,311)	(129,524)
Taxation refund		-	55,000
Capital expenditure and financial investment	20	-	(2,754,005)
Equity dividends paid		(702,151)	(500,000)
<b>Cash inflow/(outflow) before management of liquid resources and financing</b>		534,685	(4,057,442)
Financing	20	(535,067)	4,058,424
<b>Net cash flow</b>		(382)	982

**Reconciliation of net cash flow to movement in net debt**

		31 May 2008	31 May 2007
	Note	£	£
(Decrease)/increase in cash in the year	21	(382)	982
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		756,491	(3,627,472)
Change in net debt resulting from cash flows		756,109	(3,626,490)
Net debt at the start of the year	21	(3,626,490)	-
<b>Net debt at the end of the year</b>	21	(2,870,381)	(3,626,490)

## **Autosmart Holdings Limited**

### **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

#### **1 Accounting policies**

##### **Basis of preparation**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **Other fixed asset investments**

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

##### **Share-based payment**

The company has applied the requirements of FRS 20: Share-based Payment. 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 subsidiary, Autosmart International Limited. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed in the subsidiary's financial statements 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. In the financial statements of Autosmart Holdings Limited, the company has recognised an addition to fixed asset investments of the aggregate amount of these contributions for all grants of equity instruments made. The increase in respect of the year ended 31 May 2008 is £1,085,644 (2007 as restated: £67,253). Full disclosures of share options subject to FRS20 are made in the consolidated group financial statements of Autosmart Holdings Limited.

#### **2 Operating loss**

Operating loss is stated after charging:

	<b>Year ended 31 May 2008 £</b>	<b>1 May 2006 to 31 May 2007 £</b>
Amortisation of arrangement fee	<u>10,500</u>	<u>10,500</u>

#### **3 Income from investments**

	<b>Year ended 31 May 2008 £</b>	<b>1 May 2006 to 31 May 2007 £</b>
Fixed asset investments	-	6,796,676
Current asset investments	-	33,000
	<u>-</u>	<u>6,829,676</u>

## **Autosmart Holdings Limited**

### **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... continued

#### **4 Directors' emoluments**

The directors' emoluments for the year are as follows:

	<b>Year ended 31 May 2008 £</b>	<b>1 May 2006 to 31 May 2007 £</b>
Benefits in kind	<u>9,234</u>	<u>2,245</u>

Remunerations are paid to the directors by Autosmart International Limited, details of which are disclosed in the financial statements of that company.

#### **5 Interest payable and similar charges**

	<b>Year ended 31 May 2008 £</b>	<b>1 May 2006 to 31 May 2007 £</b>
Bank loan interest payable	218,302	174,662
Foreign currency losses	<u>232,120</u>	<u>-</u>
	<u>450,422</u>	<u>174,662</u>

# Autosmart Holdings Limited

## Notes to the abbreviated accounts for the Year Ended 31 May 2008

..... continued

### 6 Taxation

#### Analysis of current period tax credit

	Year ended 31 May 2008 £	1 May 2006 to 31 May 2007 £
<b>Current tax</b>		
Corporation tax credit	-	(55,000)
Group relief payable/(receivable)	(128,996)	-
UK Corporation tax	<u>(128,996)</u>	<u>(55,000)</u>

#### Factors affecting current period tax credit

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (1 May 2006 to 31 May 2007 - lower than) the standard rate of corporation tax in the UK of 28.00% (1 May 2006 to 31 May 2007 - 30.00%).

The differences are reconciled below:

	Year ended 31 May 2008 £	1 May 2006 to 31 May 2007 £
(Loss)/profit on ordinary activities before taxation	<u>(460,811)</u>	<u>6,644,526</u>
Standard rate corporation tax (credit)/charge	(129,027)	1,993,358
Expenses not deductible for tax purposes (including goods)	31	-
Dividend received not taxable	-	(2,048,358)
Total current tax for the year	<u>(128,996)</u>	<u>(55,000)</u>

#### Factors which may affect future tax charges

There are no factors which will affect future tax charges.

### 7 Dividends

	Year ended 31 May 2008 £	1 May 2006 to 31 May 2007 £
<b>Equity dividends</b>		
Paid	<u>702,151</u>	<u>500,000</u>

# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... continued

### **8 Fixed asset investments**

	Group shares £	Other investment in subsidiary undertakings as restated £	Total as restated £
<b>Cost</b>			
As at 1 June 2007	9,538,555	67,253	9,605,808
Movement in year	-	1,085,644	1,085,644
As at 31 May 2008	<u>9,538,555</u>	<u>1,152,897</u>	<u>10,691,452</u>
<b>Net book value</b>			
As at 31 May 2008	<u>9,538,555</u>	<u>1,152,897</u>	<u>10,691,452</u>
As at 31 May 2007	<u>9,538,555</u>	<u>67,253</u>	<u>9,605,808</u>

Other investment in subsidiary undertakings consists 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 the investment in the subsidiary.

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

	Country of incorporation	Principal activity	Class	%	Year end
<b>Subsidiary undertakings</b>					
Autosmart Group Limited	United Kingdom	Dormant	Ordinary	100	31 May 2008
Autosmart International Limited	United Kingdom	Manufacture, marketing, distribution and sale of valeting and maintenance products for vehicles.	Ordinary	100	31 May 2008
			<b>Capital &amp; reserves £</b>	<b>Profit/(loss) for the year £</b>	
<b>Subsidiary undertakings</b>					
Autosmart Group Limited			600,002	-	
Autosmart International Limited			3,857,629	1,777,431	

# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... continued

### **9 Debtors**

	<b>31 May 2008</b>	<b>31 May 2007</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	845,824
Other debtors	41,500	52,000
	<u>41,500</u>	<u>897,824</u>

### **10 Creditors: Amounts falling due within one year**

	<b>31 May 2008</b>	<b>31 May 2007</b>
	<b>£</b>	<b>£</b>
Bank loans	424,980	424,980
Amounts owed to group undertakings	860,702	-
Directors loan account	-	110,275
Accruals and deferred income	31,034	69,134
	<u>1,316,716</u>	<u>604,389</u>

### **11 Creditors: Amounts falling due after more than one year**

	<b>31 May 2008</b>	<b>31 May 2007</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>2,446,001</u>	<u>3,202,492</u>

The bank loans are repayable at various rates of interest.

Interest on the 'A' loan is calculated at 2.256% 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 repaid the 'B' loan in advance of its agreed repayment date. £536,346 was paid on 7 August 2008.

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.

# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... continued

### **12 Maturity of borrowings**

Amounts repayable:

	<b>Bank loans £</b>
<b>As at 31 May 2008</b>	
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>
<b>As at 31 May 2007</b>	
In one year or less on demand	424,980
Between one and two years	424,980
Between two and five years	705,756
After more than five years by instalments	2,071,756
	<u>3,627,472</u>

### **13 Share capital**

	<b>31 May 2008 £</b>	<b>31 May 2007 £</b>
<b>Authorised</b>		
<b>Equity</b>		
318,215 Ordinary A shares of £1 each	318,215	318,215
260,357 (31 May 2007 - 112,739) Ordinary B shares of £1 each	260,357	112,739
	<u>578,572</u>	<u>430,954</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
318,215 Ordinary A shares of £1 each	318,215	318,215
260,357 (31 May 2007 - 112,739) Ordinary B shares of £1 each	260,357	112,739
	<u>578,572</u>	<u>430,954</u>

On 18 August 2007, 36,758 new ordinary shares of £1 were issued and allotted following exercise of share options for £1.50 in cash.

On 8 April 2008, 37,048 new ordinary shares of £1 were issued and allotted following exercise of share options for £1.50 in cash.



# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

.....continued

### **14 Reserves**

	Share premium reserve £	Share based payment reserve £	Profit and loss account £	Total £
Balance at 1 June 2007	-	-	6,199,526	6,199,526
Prior year adjustment	-	67,253	-	67,253
As at 1 June 2007 as restated	-	67,253	6,199,526	6,266,779
Premium on issue of shares	73,806	-	-	73,806
Charge for the year	-	1,085,644	-	1,085,644
Transfer from profit and loss account for the year	-	-	(331,815)	(331,815)
Dividends	-	-	(702,151)	(702,151)
Balance at 31 May 2008	<u>73,806</u>	<u>1,152,897</u>	<u>5,165,560</u>	<u>6,392,263</u>

### **15 Share-based payment**

The company 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 option remains unexercised after a period of 10 years from the date of grant, the options expire. All share options were exercised during the year at £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.

### **16 Prior year adjustment**

The adoption of FRS 20: Share-based Payments has resulted in a net adjustment to opening reserves of £67,253.

### **17 Reconciliation of movements in shareholders' funds**

	31 May 2008 £	31 May 2007 as restated £
(Loss)/profit attributable to members of the company	(331,815)	6,699,526
Dividends	<u>(702,151)</u>	<u>(500,000)</u>
	(1,033,966)	6,199,526
Other recognised gains for the period	1,085,644	67,253
New share capital subscribed	<u>221,424</u>	<u>430,952</u>
Net addition to shareholders' funds	273,102	6,697,731
Opening equity shareholders' funds (originally £6,630,480 before adding prior period adjustment of £67,253)	<u>6,697,733</u>	<u>2</u>
Closing equity shareholders' funds	<u>6,970,835</u>	<u>6,697,733</u>

# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... continued

### **18 Contingent liabilities**

A cross guarantee exists in respect of bank overdraft and loans. As at 31 May 2008 this amounted to £nil (2007: £nil).

The company is part of a VAT group registration. As at 31 May 2008, the total contingent liability of the group amounted to £220,688 (2007: £222,458).

### **19 Reconciliation of operating loss to operating cash flows**

	31 May 2008 £	31 May 2007 £
Operating loss	(10,500)	(10,500)
Decrease/(increase) in debtors	856,324	(897,822)
Increase in creditors	841,323	179,409
<b>Net cash inflow/(outflow) from operating activities</b>	<u>1,687,147</u>	<u>(728,913)</u>

### **20 Analysis of cash flows**

	31 May 2008 £	31 May 2007 £
<b>Returns on investment and servicing of finance</b>		
Other interest paid	(450,422)	(174,662)
Interest received	111	12
Dividends received	-	45,126
	<u>(450,311)</u>	<u>(129,524)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of shares in Autosmart Group Limited	<u>-</u>	<u>(2,754,005)</u>
<b>Financing</b>		
Increase in loans and borrowings	-	5,100,000
Repayment of loans and borrowings	(756,491)	(1,472,528)
Issue of equity shares	221,424	430,952
	<u>(535,067)</u>	<u>4,058,424</u>

# **Autosmart Holdings Limited**

## **Notes to the abbreviated accounts for the Year Ended 31 May 2008**

..... *continued*

### **21 Analysis of net debt**

	<b>At start of period £</b>	<b>Cash flow £</b>	<b>Other non-cash changes £</b>	<b>At end of period £</b>
Cash at bank and in hand	<u>982</u>	<u>(382)</u>	<u>-</u>	<u>600</u>
Debt due within one year	(424,980)	424,980	(424,980)	(424,980)
Debt due after one year	<u>(3,202,492)</u>	<u>331,511</u>	<u>424,980</u>	<u>(2,446,001)</u>
Change in debt	<u>(3,627,472)</u>	<u>756,491</u>	<u>-</u>	<u>(2,870,981)</u>
<b>Net debt</b>	<u><b>(3,626,490)</b></u>	<u><b>756,109</b></u>	<u><b>-</b></u>	<u><b>(2,870,381)</b></u>

### **22 Related parties**

#### **Controlling entity**

The company is controlled by S Atkinson.