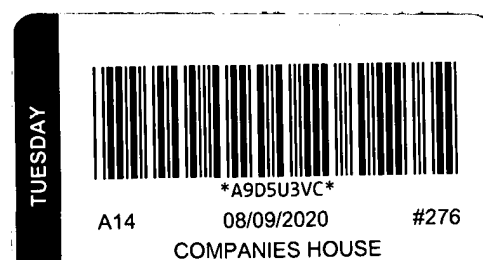


Company Registration No. 01395515 (England and Wales)

AUTOSMART INTERNATIONAL LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2020



AUTOSMART INTERNATIONAL LTD

COMPANY INFORMATION

Directors	S Atkinson C K Brain C A Ashton K MacFarlane E Plank J Woodman S Devey
Company number	01395515
Registered office	Lynn Lane Shenstone Lichfield Staffordshire WS14 0DH
Auditors	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF
Bankers	Lloyds Bank Plc 125 Colmore Row Birmingham B3 3SD
Solicitors	Keelys 28 Dam Street Lichfield Staffordshire WS13 6AA

AUTOSMART INTERNATIONAL LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present the Strategic Report and financial statements for the year ended 31 January 2020.

Fair review of the business

Sales

Sales closed at £29.5m, a growth of over £1m (4%). The UK accounted for our top line sales growth. Thirty percent of our Swedish sales moved to third party local manufacture, with a royalty payable to us. Australia similarly moved more of their polishing range to local manufacture.

Profit

Our profit before tax was £4.4m, which was £0.3m (7%) down on last year. Margin dropped a point, half of which was due to our higher cost of working as we readied ourselves for Brexit. Overheads increased by £1m to £8m. A fifth of this increase was due to exchange rate movements. Our areas of increased investment over the year are mainly IT and UK sales.

Future plans

We appointed an IT Director in February and have significantly increased the capacity and capability of our in house IT team. Their first large project is to upgrade our ERP system and to streamline our operational processes, giving us better business resilience, and more productivity.

We have the benefit of in-house research and development, and come into the year with new foaming truckwashes that offer customers exceptional cleaning and low cost in use, and we are launching into a new paint protector sector in spring 2020. We are also formulating a new hygiene range that will give the customer peace of mind and low cost in use, with the launch planned in phases June – August 2020

Key performance indicators

Our business is built on the success of our individual franchise owners' success. The UK, France, Australia and Sweden, Ireland and our new master franchise in Austria have achieved their highest sales so far. We close the year with 284 mobile showrooms in nine countries.

Monitoring and managing risk

We have a watching brief for Brexit and for market disruption due to the Covid pandemic and will flex as needed to continue being competitive.

Cash Flow and Liquidity risk

We have a prudent approach as a business. We closed the financial year with no borrowings and £4.5m cash at bank.

Credit risk

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

Price Risk

We are a manufacturer and therefore are subject to changes in the prices of our raw materials as they occur. We also sell in several currencies and therefore also carry an exchange rate risk. We have systems in place to monitor and react to these risks.

Future developments

Covid 19 The partial or complete lock down of our sales markets began in March 2020 as governments decided how best to protect their nation's health. We are expecting a significant decrease in our sales compared to last year, and are mitigating the impact on profit by controlling costs extremely tightly and by engaging our franchise network in business recovery planning. We expect to remain profitable and we have secured extra bank funding as a contingency. Our franchisees have implemented plans to maintain their profit and liquidity also.

Additional manufacturing site - We are hoping to complete the purchase of an existing 6 acre manufacturing site in late summer, which is the start of a 5 year project to increase our manufacturing capacity.

AUTOSMART INTERNATIONAL LTD
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2020

Signed on behalf of the directors

E Plank

E Plank
Director

Approved by the directors on. *11.06.20*

AUTOSMART INTERNATIONAL LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2020

The directors present their annual report and financial statements for the year ended 31 January 2020.

Principal activities

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Atkinson
C K Brain
C A Ashton
K MacFarlane
E Plank
M Jeffers (resigned 17 January 2020)
J Woodman (appointed 01 March 2019)
S Devey (appointed 04 September 2019)

Results and dividends

The results for the year are set out on page 7.

Dividends were paid and are set out in note 10. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and have not identified any material uncertainties to the company's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements. We have considered the impact of COVID-19 and regard it appropriate to adopt the going concern basis of accounting.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Matters of strategic importance

Information as required by schedule 7 of the Large and Medium sized companies (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Signed on behalf of the directors



.....
E Plank

Director

Approved by the directors on.....11.06.20

AUTOSMART INTERNATIONAL LTD
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2020

The directors are responsible for preparing the Strategic Report and 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOSMART INTERNATIONAL LTD

Opinion

We have audited the financial statements of Autosmart International Ltd (the 'company') for the year ended 31 January 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTOSMART INTERNATIONAL LTD (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Richard Eccles (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Phillips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Date

22/7/20

AUTOSMART INTERNATIONAL LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	29,486,160	28,368,094
Cost of sales		(18,009,247)	(17,603,234)
Gross profit		11,476,913	10,764,860
Administrative expenses		(8,118,159)	(7,092,825)
Other operating income		1,031,309	1,013,633
Operating profit	4	4,390,063	4,685,668
Interest receivable and similar income	7	5,697	21,185
Interest payable and similar charges	8	-	(22)
Profit before taxation		4,395,760	4,706,831
Taxation	9	(822,830)	(830,518)
Profit for the financial year		3,572,930	3,876,313
Total comprehensive income for the year		3,572,930	3,876,313

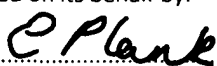
The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

AUTOSMART INTERNATIONAL LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

Company Registration No. 01395515

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	11	273,094	487,335
Tangible assets	12	1,608,363	1,938,653
Investments	13	8,864	8,864
		<u>1,890,321</u>	<u>2,434,852</u>
Current assets			
Stocks	15	3,068,481	3,171,626
Debtors due within one year	16	4,834,800	4,746,429
Debtors due after more than one year	16	137,676	323,076
Cash at bank and in hand		4,500,240	2,963,570
		<u>12,541,197</u>	<u>11,204,701</u>
Creditors: amounts falling due within one year	17	<u>(4,540,889)</u>	<u>(4,502,262)</u>
Net current assets		<u>8,000,308</u>	<u>6,702,439</u>
Total assets less current liabilities		<u>9,890,629</u>	<u>9,137,291</u>
Provisions for liabilities	18	-	(17,102)
Net assets		<u>9,890,629</u>	<u>9,120,189</u>
Capital and reserves			
Called up share capital	21	33,301	33,301
Share premium account	22	23,100	23,100
Capital redemption reserve	23	300,000	300,000
Profit and loss reserves	24	9,534,228	8,763,788
Total equity		<u>9,890,629</u>	<u>9,120,189</u>

The financial statements were approved by the board of directors and authorised for issue on 11th June 2020 and are signed on its behalf by:



 E Plank
 Director

AUTOSMART INTERNATIONAL LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 February 2018		<u>33,301</u>	<u>23,100</u>	<u>300,000</u>	<u>11,723,032</u>	<u>12,079,433</u>
Year ended 31 January 2019						
Profit and total comprehensive income for the year		-	-	-	3,876,313	3,876,313
Dividends	10	-	-	-	(6,835,557)	(6,835,557)
Balance at 31 January 2019		<u>33,301</u>	<u>23,100</u>	<u>300,000</u>	<u>8,763,788</u>	<u>9,120,189</u>
Year ended 31 January 2020						
Profit and total comprehensive income for the year		-	-	-	3,572,930	3,572,930
Dividends	10	-	-	-	(2,802,490)	(2,802,490)
Balance at 31 January 2020		<u>33,301</u>	<u>23,100</u>	<u>300,000</u>	<u>9,534,228</u>	<u>9,890,629</u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Autosmart International Ltd is a limited company domiciled and incorporated in England and Wales. The registered office is Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0DH.

The company's principal activities are disclosed in the Directors' Report.

The company is a private company limited by shares.

Accounting convention

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements have been drawn up to 31 January 2020, whereas the prior year financial statements were drawn up to 31 January 2019.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel and transactions with wholly owned subsidiaries.

The financial statements of the company are consolidated in the financial statements of Autosmart Holdings Limited. The consolidated financial statements of Autosmart Holdings Limited are available from its registered office, Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0DH.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. We have considered the impact of COVID-19 and regard it appropriate to adopt the going concern basis of accounting.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover from the sale of goods is recognised when the goods leave Autosmart premises.

Other operating income

Royalty income is recognised in the period to which the royalty payments relate.
Franchise fee income is recognised in the period that the income is incurred.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Intangible fixed assets - territories

Territories represent the excess of the cost of acquisition of territories over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	10% straight line
Computer software	33.33% straight line
Territories	0-50% straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20-100% straight line
Freehold buildings	0-10% straight line
Freehold land is not depreciated	

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Statement of Comprehensive Income.

Residual value is calculated on prices prevailing the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets

Financial assets are recognised in the company's Statement of Financial Position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade, group and other debtors (including accrued income) and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade debtors, loans and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies (Continued)

Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

Costs related to research and development are expensed within the Statement of Comprehensive Income. The costs are primarily an in house research and development department, who focus on developing our product ranges and on our manufacturing processes.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

- useful economic life of fixed assets;
- judgements used in assessing the level of provision against trade debtors.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

3 Turnover and other significant revenue

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

		2020	2019
		£	£
Turnover			
Sales of goods		<u>29,486,160</u>	<u>28,368,094</u>
	Note	2020	2019
		£	£
Other significant revenue			
Interest income	7	5,697	21,185
Royalty income		727,882	665,889
Franchise fee		<u>158,150</u>	<u>167,987</u>

Turnover analysed by geographical market

	2020	2019
	£	£
United Kingdom	21,594,551	20,400,666
Europe	7,473,625	7,484,537
Rest of the World	417,984	482,891
	<u>29,486,160</u>	<u>28,368,094</u>

4 Operating profit

Operating profit is stated after charging / (crediting):

	2020	2019
	£	£
Exchange losses	196,257	71,006
Research and development costs	172,785	397,411
Fees payable to the company's auditors for the audit of the company's financial statements	23,000	29,000
Depreciation of owned tangible fixed assets	506,790	537,750
Loss / (profit) on disposal of tangible fixed assets	1,122	(32,143)
Amortisation of intangible assets	261,718	280,659
(Profit) on disposal of intangible fixed assets	(80,219)	(59,205)
Operating lease charges	<u>192,500</u>	<u>188,670</u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

5 Employees

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

	2020	2019
	No	No
Production staff	54	52
Sales staff	23	24
Administrative staff	74	67
	<hr/>	<hr/>
	151	143
	<hr/>	<hr/>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	5,260,691	4,431,848
Social security costs	496,319	384,997
Pension costs	529,236	473,666
	<hr/>	<hr/>
	6,286,246	5,290,511
	<hr/>	<hr/>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
		£	£
6	Directors' remuneration		
	Remuneration for qualifying services	1,087,224	747,675
	Company contributions to defined contribution pension schemes	136,884	92,277
		<u>1,224,108</u>	<u>839,952</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2019 - 6).

Total directors' remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	189,342	161,187
Company contributions to defined contribution pension schemes	24,721	17,532
	<u>214,063</u>	<u>178,719</u>

	2020	2019
	£	£
7	Interest receivable and similar income	
	Interest income	
	Interest on bank deposits	1,153
	Other interest income	4,544
		<u>5,697</u>
		<u>21,185</u>

	2020	2019
	£	£
8	Interest payable and similar charges	
	Other similar charges payable	22
		<u>-</u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
		£	£
9	Taxation		
	Current tax		
	UK corporation tax on profits for the current period	839,932	845,768
	Adjustments in respect of prior periods	-	(4,697)
	Total current tax	<u>839,932</u>	<u>841,071</u>
	Deferred tax		
	Origination and reversal of timing differences	(17,102)	(10,553)
	Adjustments in respect of prior periods	-	-
	Total deferred tax	<u>(17,102)</u>	<u>(10,553)</u>
	Total tax charge	<u><u>822,830</u></u>	<u><u>830,518</u></u>

The total tax charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2020	2019
	£	£
Profit before taxation	<u>4,395,760</u>	<u>4,706,831</u>
Expected tax charge based on a corporation tax rate of 19% (PY 19%)	835,194	894,298
Tax effect of expenses that are not deductible in determining taxable profit	30,773	47,658
Research and development tax credit	(42,678)	(98,161)
Additional deduction for land remediation expenditure	-	(1,866)
Group relief claimed	(5,591)	(7,956)
Adjustments in respect of prior periods	-	(4,697)
Adjustments for opening and closing rates of tax	5,132	1,242
Tax expense for the year	<u><u>822,830</u></u>	<u><u>830,518</u></u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

		2020		2019	
10	Dividends	£		£	
	Ordinary:				
	Interim paid		2,802,490		6,835,557
			<u>2,802,490</u>		<u>6,835,557</u>
11	Intangible fixed assets				
		Territories	Trademarks	Computer Software	Total
		£	£	£	£
	Cost				
	01 February 2019	425,254	46,623	781,190	1,253,067
	Adjustment	145,378	-	-	145,378
	Additions	16,834	2,508	49,949	69,291
	Disposals	(119,906)	(7,854)	(2,864)	(130,624)
		<u>467,560</u>	<u>41,277</u>	<u>828,275</u>	<u>1,337,112</u>
	31 January 2020				
		<u>467,560</u>	<u>41,277</u>	<u>828,275</u>	<u>1,337,112</u>
	Amortisation and impairment				
	01 February 2019	290,356	13,798	461,578	765,732
	Adjustment	107,602	-	-	107,602
	Amortisation charged in the year	84,470	4,583	172,665	261,718
	Eliminated in respect of disposals	(62,958)	(5,212)	(2,864)	(71,034)
		<u>419,470</u>	<u>13,169</u>	<u>631,379</u>	<u>1,064,018</u>
	31 January 2020				
		<u>419,470</u>	<u>13,169</u>	<u>631,379</u>	<u>1,064,018</u>
	Carrying amount				
	31 January 2020	<u>48,090</u>	<u>28,108</u>	<u>196,896</u>	<u>273,094</u>
	31 January 2019	134,898	32,825	319,612	487,335

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

12 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Total £
Cost			
01 February 2019	959,156	4,240,072	5,199,228
Additions	-	227,657	227,657
Disposals	-	(233,534)	(233,534)
31 January 2020	<u>959,156</u>	<u>4,234,195</u>	<u>5,193,351</u>
Depreciation and impairment			
01 February 2019	69,775	3,190,800	3,260,575
Depreciation charged in the year	30,651	476,139	506,790
Eliminated in respect of disposals	-	(182,377)	(182,377)
31 January 2020	<u>100,426</u>	<u>3,484,562</u>	<u>3,584,988</u>
Carrying amount			
31 January 2020	<u>858,730</u>	<u>749,633</u>	<u>1,608,363</u>
31 January 2019	<u>889,381</u>	<u>1,049,272</u>	<u>1,938,653</u>

Amortisation for intangible assets is included within administrative expenses

13 Fixed asset investments

	Investment in subsidiaries £
01 February 2019	8,864
31 January 2020	<u>8,864</u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

14 Subsidiary undertakings

Consolidation exemption – The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Details of the company's subsidiaries at 31 January 2020 are as follows:

Name of undertaking	Registered office	Class of shareholding	Proportion of nominal value held directly	Nature of business
Sarl Service Autosmart France	Immeuble du Rond Point 5 Boulevard de L'oise 95000 Cergy France	Ordinary shares	100%	Recruiting and training franchisees in France

	2020 £	2019 £
15 Stocks		
Raw materials and consumables	1,444,138	1,604,464
Finished goods and goods for resale	1,624,343	1,567,162
	<u>3,068,481</u>	<u>3,171,626</u>

Impairment losses of £63,352 have been recognised in the profit and loss account.

	2020 £	2019 £
16 Debtors		
Amounts falling due within one year:		
Trade debtors	2,796,893	2,773,356
Amounts due from fellow group undertakings	1,588,713	1,669,589
Other debtors	270,819	153,120
Prepayments and accrued income	178,375	150,364
	<u>4,834,800</u>	<u>4,746,429</u>
Amounts falling due after one year:		
Other debtors	<u>137,676</u>	<u>323,076</u>
Total debtors	<u>4,972,476</u>	<u>5,069,505</u>

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

17	Creditors	2020 £	2019 £
	Amounts falling due within one year:		
	Corporation tax payable	376,605	424,432
	Other taxation and social security	612,785	295,339
	Trade creditors	1,297,045	1,677,649
	Amounts due to fellow group undertakings	780,162	815,125
	Other creditors	493,778	369,973
	Accruals and deferred income	980,514	919,744
		<u>4,540,889</u>	<u>4,502,262</u>

18	Provisions for liabilities	Note	2020 £	2019 £
	1 February 2019		17,102	27,655
	Movement to profit and loss account		(17,102)	(10,553)
	31 January 2020	19	<u>-</u>	<u>17,102</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Deferred taxation	2020 £	2019 £
Accelerated capital allowances	-	17,102
	<u>-</u>	<u>17,102</u>

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

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

20 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £529,236 (2019 - £473,666). Contributions totalling £nil (2019 - £nil) were payable to the fund at the year end and are included in creditors.

21 Share capital

	2020 £	2019 £
Allotted, issued and fully paid:		
33,300 Ordinary A shares of £1 each	33,300	33,300
1 Ordinary B shares of £1 each	1	1
	<u>33,301</u>	<u>33,301</u>

Ordinary A shares have full voting rights which are unrestricted and non-preferential.
Ordinary B shares hold rights to dividend but no voting rights and no winding up rights.

22 Share premium account

Share premium accounts represents consideration received for shares issued above their nominal value net of transaction costs.

23 Capital redemption reserve

Capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period.

24 Profit and loss reserves

Profit and loss reserves represent cumulative profits and losses net of distributions to owners.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

25 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Vehicles and equipment:		
Within one year	110,488	120,572
Between two and five years	30,197	112,098
	<u>140,685</u>	<u>232,670</u>
Properties:		
Within one year	60,698	60,698
Within two to five years	242,792	242,792
After 5 years	359,129	394,536
	<u>662,619</u>	<u>698,026</u>

Operating lease payments represent rentals payable by the company for certain of its properties.

26 Related party transactions

A loan of nil (2019 - £850,000) was made from a director to the company during the year. (Interest charges 2019 - £nil and no outstanding balances at the year end).

No guarantees have been given or received.

27 Controlling party

The immediate and ultimate parent company is Autosmart Holdings Limited, a company incorporated in England and Wales.

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

The smallest and largest group undertaking in which the results are consolidated is that headed by Autosmart Holdings Limited. The consolidated accounts of Autosmart Holdings Limited are available to the public and may be obtained from Lynn Lane, Shenstone, Lichfield, Staffordshire, WS14 0DH.

AUTOSMART INTERNATIONAL LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

28 Post balance sheet events

On 11 March 2020, the outbreak of the coronavirus, COVID-19, was declared by the World Health Organisation to be a pandemic. The business is primarily influenced by the state of the UK economy. The current COVID-19 crisis has introduced material uncertainty into the economy. Despite a significant decrease in our sales we expect to remain profitable and we have secured extra bank funding as a contingency.

The impact of COVID-19 has impacted the valuation of the majority of companies globally. This may impact the carrying value of the investments and intangible assets held on the balance sheet; however this is a non adjusting post balance sheet event as defined by FRS 102 and does not impact the carrying value as at 31 January 2020.

The longer term impact on the carrying value of these assets on the balance sheets of COVID-19 is uncertain and the impact will be reassessed at 31 January 2021.

**AUTOSMART INTERNATIONAL LTD
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2020**

AUTOSMART INTERNATIONAL LTD
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2020	2019	2019
	£	£	£	£
Turnover				
Sales		29,486,160		28,368,094
Cost of sales				
Purchases	13,989,794		14,048,254	
Consumables - purchases	32,801		34,145	
Contract filling	-		-	
Wages and salaries	1,687,316		1,474,766	
Social security costs	148,581		124,551	
Temporary staff and payroll administration costs	63,981		118,122	
Staff pension contributions	206,070		189,544	
Rates	83,029		90,869	
Heat and light	130,393		122,555	
Insurance	206,413		184,613	
Security costs	138,273		126,156	
Third party warehouse	117,133		59,694	
Premises repairs and maintenance	47,593		102,022	
Depreciation of freehold premises	22,988		22,044	
Reduction in fair value of leasehold premises	60,963		60,963	
Selling Fees	9,598		1,658	
Commission	11,200		4,896	
Consumables - other cost of sales	31,652		33,573	
Carriage out	26,102		7,938	
Haulage internal	17,735		8,628	
Waste and effluent disposal	111,224		97,063	
Product design and testing	10,264		17,239	
Quality and environmental legislation	120,808		77,622	
Health and safety	2,008		147	
Motor running expenses	17,627		17,639	
Travel and subsistence	5,440		6,540	
Telephone costs	1,622		1,590	
Staff recruitment training and meetings	10,978		448	
Water	27,816		24,139	
Plant and equipment (& vehicles) repairs and maintenance	211,859		208,950	
Customer entertaining	154		21	
Legal and professional fees	90,197		850	
Sundry expenses	5,520		1,022	
Sundry equipment	3,178		2,758	
Trade subscriptions	206		1,406	
Business conference and trade shows	0		41	
Project costs	28,235		15,639	
Depreciation of machinery, fixtures, equipment and vehicles	295,679		324,464	
Profit and loss on disposal fixed assets	11,384		(10,850)	
Write offs and provision	23,433		1,515	
Staff welfare	-		-	
		(18,009,247)		(17,603,234)
Gross profit	38.92%	11,476,913	37.95%	10,764,860

AUTOSMART INTERNATIONAL LTD
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2020	2019	2019
	£	£	£	£
Other operating income				
Commission	111		195	
Service Fee	4,168		32,581	
Business Conference and Trade Shows	10,318		11,858	
Franchise fee	158,150		167,987	
Rent receivable	546		546	
Royalty income	727,882		665,889	
Sundry income	130,134		134,577	
		1,031,309		1,013,633
Administrative expenses		(8,118,159)		(7,092,825)
Operating profit		4,390,063		4,685,668
Interest receivable and similar income				
Bank interest receivable	1,153		12,382	
Other interest	4,544		8,803	
		5,697		21,185
Interest payable and similar charges		-		(22)
Profit before taxation	14.91%	4,395,760	16.59%	4,706,831

AUTOSMART INTERNATIONAL LTD
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2020	2019	2019
		£		£
Administrative expenses				
Wages and salaries		3,573,375		2,957,082
Social security costs		347,738		260,446
Temporary staff and other payroll administration costs		121,055		91,410
Staff pension contributions		323,166		284,122
Apprenticeship tax		8,927		5,349
Lease costs other property		60,698		58,460
Rates		49,586		61,353
Heat and light		41,617		23,394
Insurance		71,198		60,699
Security costs		40,318		24,585
Warehouse rent		(349)		(1,371)
Water		5,449		(1,988)
Premises repairs and maintenance		112,434		37,415
Depreciation of freehold premises		7,663		7,348
Reduction in fair value of leasehold premises		20,321		20,321
Consumables		16,875		17,451
Haulage internal		20,265		25,045
Health and safety		53,184		41,125
Lease costs equipment and vehicles		131,802		130,210
Motor running expenses		58,075		57,150
Travel and subsistence		190,603		170,200
Telephone and network connectivity		66,787		77,133
IT support		97,282		99,922
Printing, postage and stationery		22,454		50,751
Recruitment and training costs		101,512		115,546
Staff welfare		225,883		106,534
Customer support		170,002		134,341
Franchise recruitment expenses		13,099		6,663
Audit fees		62,316		42,831
Equipment repairs and maintenance		132,423		111,181
Customer entertaining		24,246		26,448
Legal and professional fees		203,208		214,139
Management Service Fee		720,160		1,240,023
Sundry expenses		1,591		5,177
Sundry equipment		32,028		23,801
Trade subscriptions		25,802		37,282
Advertising, promotions, marketing and branding		72,913		72,795
Business conference and trade shows		163,199		43,756
Charitable donations		9,811		48,708
Staff entertaining		7,897		17,311
Project costs		45,330		3,663

AUTOSMART INTERNATIONAL LTD
SCHEDULE OF ADMINISTRATIVE EXPENSES (continued)
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2020	2019	2019
		£		£
Administrative expenses continued				
Depreciation of machinery, fixtures, equipment and vehicles		180,460		183,894
Amortisation		261,718		280,659
Stock write offs and provisions		(10,375)		(22,653)
Bank charges		27,957		21,859
Foreign currency gains and losses		196,257		71,006
Other charges		3,657		6,525
Early settlement discount		10,602		9,660
Profit or loss on disposal tangible assets (non exceptional)		(10,262)		(21,293)
Rent payable to Autosmart Holdings		-		-
Profit or loss on disposal intangible assets (non exceptional)		(80,219)		(59,205)
Bad and doubtful debts		86,420		(185,438)
		<u>8,118,159</u>		<u>7,092,825</u>