
ISN EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



ISN EUROPE LIMITED

COMPANY INFORMATION

Directors

J Boon
L Forty

Registered number

04469528

Registered office

Unit 5
Lotus Court
Harvard Industrial Estate
Kimbolton
Huntingdon
PE28 0NJ

Independent auditors

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY

ISN EUROPE LIMITED

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ISN EUROPE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Business Review

ISN Europe traded well in 2021 as we continued to grow the ISN brand and our route to market in the UK. In Q4 of 2021 the senior management team made significant changes to our strategy by working with key customers that would support ISN on the total solution and not just cherry pick services that worked for them. In doing this we are now building stronger relationships with our customers and have improved efficiencies within our organisation.

ISN are now working with some of the leading names in the industry as we continue to develop our range, which will attract new customers from independent workshops to larger groups of workshop chains.

During 2021, as part of plans to reorganise the group, the trade, assets, liabilities and employees of related parties were transferred to ISN.

This year we launched our get fit and grow campaign within our internal teams where we are now focusing more on our people, systems, and products. This initiative will continue to be part of our success as we further develop ISN Europe.

Principal Risks and Uncertainties

The directors consider foreign exchange, inflation and competition as our principal risks.

Foreign Exchange risk

Although forward contracts are often used, combined with SPOT deals and natural hedging, the weakness in GBP continues to make foreign purchases more expensive.

Inflation risk

The continuing conflict in Ukraine and the knock-on effect on energy prices combined with other measures continue to increase inflation impacting our costs from fuel to labour. A reduction in freight costs have partially offset our increased trading expenses, however we continue to review all operational costs and compare alternatives.

Competition risk

Competition in the market for sales and people remain strong. The focus on good customer service continues to help retain current customers and attract new customers to the business.

Future Development

The directors intend to grow the business organically and continue to monitor acquisition opportunities, with plans in place for growth in all market sectors we operate in. We are committed to delivering to our customers a best-in-class service, so will continue to train and develop our staff. We continue to invest in systems that will help us be more effective in managing our relationship with our suppliers, customers and other stakeholders.

This report was approved by the board on

5/21/2023

and signed on its behalf.

DocuSigned by:

L Forty

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L Forty
Director

ISN EUROPE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company continued to be that of distribution and installation of automotive tools and equipment.

Directors

The directors who served during the year were:

M Gray (resigned 14 October 2022)
T Kolbus (resigned 20 May 2022)
J Boon (resigned 4 October 2021, appointed 29 December 2022)
L Forty (appointed 4 January 2021)

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Disclosure of information to auditors

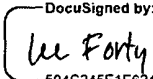
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Grant Thornton UK LLP were appointed as auditor in the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5/21/2023 and signed on its behalf.

DocuSigned by:

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L Forty
Director

ISN EUROPE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report, 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISN EUROPE LIMITED

Opinion

We have audited the financial statements of ISN Europe Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Financial Reporting Standard 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 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISN EUROPE LIMITED (CONTINUED)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements section of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

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 AUDITORS' REPORT TO THE MEMBERS OF ISN EUROPE LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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 or the Directors' Report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISN EUROPE LIMITED (CONTINUED)

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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the company and determined that the most significant are those that relate to the operational environment, the financial reporting framework (FRS102 and Companies Act 2006), UK and European laws, Provision and Use of Work Equipment Regulations 1998 (PUWER) and relevant tax regulations;
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our enquiries through our review of the board minutes;
- We made inquiries to management as to whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. The company's management has not noted any matters of non-compliance with laws and regulations or fraud that were communicated to the audit team. We corroborated this through our review of board minutes and legal and professional fees incurred in the year;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures included:
 - Identifying and assessing the design effectiveness of management's controls in place to prevent and detect irregularities;
 - Challenging assumptions and judgements made by management in its evaluation of accounting estimates; and
 - Identifying and testing journal entries.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations through the audit;
- We have completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

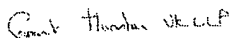


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISN EUROPE LIMITED (CONTINUED)

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


Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 22/5/2023

ISN EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		17,040,309	6,831,693
Cost of sales		(13,128,904)	(4,631,062)
Gross profit		3,911,405	2,200,631
Administrative expenses		(3,651,962)	(1,935,151)
Other operating income	4	-	146,010
Operating profit	5	259,443	411,490
Interest receivable and similar income		24	123
Profit before tax		259,467	411,613
Tax on profit	8	9,355	(33,390)
Profit for the financial year		268,822	378,223

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 12 to 26 form part of these financial statements.

ISN EUROPE LIMITED
REGISTERED NUMBER:04469528

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	9	57,881	-
Tangible assets	10	925,032	184,318
		<u>982,913</u>	<u>184,318</u>
Current assets			
Stocks	11	8,703,610	2,941,110
Debtors	12	5,667,013	1,900,475
Cash at bank and in hand	13	982,270	536,582
		<u>15,352,893</u>	<u>5,378,167</u>
Creditors: amounts falling due within one year	14	(13,297,047)	(2,770,630)
Net current assets		<u>2,055,846</u>	<u>2,607,537</u>
Total assets less current liabilities		<u>3,038,759</u>	<u>2,791,855</u>
Creditors: amounts falling due after more than one year	15	(81,113)	(55,515)
Provisions for liabilities			
Other provisions	17	(98,000)	(145,516)
		<u>(98,000)</u>	<u>(145,516)</u>
Net assets		<u><u>2,859,646</u></u>	<u><u>2,590,824</u></u>
Capital and reserves			
Called up share capital	19	30	30
Profit and loss account		2,859,616	2,590,794
		<u><u>2,859,646</u></u>	<u><u>2,590,824</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:

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 Lee Forty
 Director

21 May 2023

The notes on pages 12 to 26 form part of these financial statements.

ISN EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	30	2,590,794	2,590,824
Comprehensive income for the year			
Profit for the year	-	268,822	268,822
Total comprehensive income for the year	-	268,822	268,822
At 31 December 2021	30	2,859,616	2,859,646

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	30	2,212,571	2,212,601
Comprehensive income for the year			
Profit for the year	-	378,223	378,223
Total comprehensive income for the year	-	378,223	378,223
At 31 December 2020	30	2,590,794	2,590,824

The notes on pages 12 to 26 form part of these financial statements.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

ISN Europe Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 5, Lotus Court, Harvard Industrial Estate, Kimbolton, Huntingdon, PE28 0NJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of J&S Products Limited as at 31 December 2021 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.3 Going concern**

The company's business activities, performance and position are set out in the Directors' report. The company meets its day-to-day working capital requirements as they fall due by maintaining a high cash balance. In addition, the company has received a commitment of financial support from its parent company for the coming 12 months after signing these financial statements.

Going concern is assessed by reference to budgets and forecasts which are adjusted to reflect current and future expected business trends. These forecasts are reviewed by the directors and updated as the year goes by. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on its own performance and if required, funding support from its parent company for the coming 12 months after signing these financial statements. The directors have considered the ability of the parent to provide this support and accordingly, they have adopted the going concern basis in preparing the financial statements.

2.4 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.5 Revenue**

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will now to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Revenue is recognised when services have been provided to and accepted by the customer (or the end-user if different).

2.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets value at the date of inception and the present value of the minimum lease payments. The related liability is included in the Statement of Financial Position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

2.7 Government grants

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure. The grants relate to furlough arising as a result of COVID.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Software is being amortised using the straight line method, over its estimated useful life of three years.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 4 years or same period as lease contract straight line
Plant and machinery	- 4 years straight line
Motor vehicles	- 4 years straight line
Fixtures and fittings	- 3 - 4 years straight line
Computer equipment	- 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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. Review of the estimates and underlying assumptions is carried out on an on-going 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.

Key sources of estimation

Bad debt

Debtors are reviewed regularly to ensure that payment timing is consistent with the agreed terms of the related sale and that no provision is required for amounts deemed uncollectable.

Inventory obsolescence

Management make provisions against slow-moving stocks when there are indicators of obsolescence or impairment. Stock lines that are identified as obsolete are fully provided against, further provision is made against excess stock on lines which are deemed slow moving based on sales data.

Capitalised freight

Management capitalise freight based on the estimated costs of bringing in goods from overseas. This estimate is calculated based on the annual overseas inventory purchases and related freight and duty costs.

4. Other operating income

	2021	2020
	£	£
Government grants	-	146,010
	<u> </u>	<u> </u>

Government grants disclosed above are amounts claimed by the Company under the Coronavirus Job Retention Scheme.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets held under lease	154,351	6,222
Depreciation of owned tangible fixed assets	229,319	62,095
Profit on disposal of tangible fixed assets	13,722	-
Amortisation of intangible fixed assets	22,036	-
Government grants	-	146,010
Exchange differences	162,085	185,596
Operating lease charges	204,948	123,000
	<u>204,948</u>	<u>123,000</u>

6. Employees

	2021 £	2020 £
Wages and salaries	3,262,701	766,880
Social security costs	304,349	66,008
Cost of defined contribution scheme	62,312	22,043
	<u>3,629,362</u>	<u>854,931</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Total	<u>91</u>	<u>31</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	291,707	-
Company contributions to defined contribution pension schemes	1,101	-
	<u>291,707</u>	<u>-</u>

The highest paid director received remuneration of £146,800 (2020: £Nil).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £550 (2020: £Nil).

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation

	2021 £	2020 £
Corporation tax		
UK corporation tax on profits for the current period	-	33,390
Total current tax	<u>-</u>	<u>33,390</u>
Deferred tax		
Origination and reversal of timing differences	3,075	-
Effect of tax rate change on opening balance	(12,430)	-
Total deferred tax	<u>(9,355)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(9,355)</u>	<u>33,390</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>259,467</u>	<u>411,613</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	49,304	78,206
Effects of:		
Non-deductible expenses	45,531	23,390
Capital allowances	(1,451)	(4,760)
Non-taxable income	-	(316)
Deferred tax from transferred trade	(48,718)	-
Remeasurement of deferred tax charges	(4,434)	-
Movement in deferred tax not recognised	(80,667)	-
Permanent differences	115	-
Other tax adjustments	30,965	-
Group relief	-	(63,130)
Total tax charge for the year	<u>(9,355)</u>	<u>33,390</u>

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Taxation (continued)

Factors that may affect future tax charges

The rate of taxation follows the standard rate of UK corporation tax. The UK corporation tax rate remained at 19% with effect from 1 April 2021. On 14 October 2022, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. The company has made an assessment of the likely impact of this rate change and concluded that the impact is immaterial to the company's financial position.

9. Intangible assets

	Software £
Cost	
Additions	53,254
Transfers	46,988
At 31 December 2021	<u>100,242</u>
Amortisation	
Charge	22,036
Transfers	20,325
At 31 December 2021	<u>42,361</u>
Net book value	
At 31 December 2021	<u><u>57,881</u></u>
At 31 December 2020	<u><u>-</u></u>

Amortisation on intangible assets is charged to administrative expenses.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2021	16,084	138,434	143,826	62,163	153,495	514,002
Additions	97,256	583	220,527	31,645	127,119	477,130
Transfer of trade	120,250	43,249	1,160,704	93,137	181,982	1,599,322
Disposals	-	-	-	-	(1,540)	(1,540)
At 31 December 2021	<u>233,590</u>	<u>182,266</u>	<u>1,525,057</u>	<u>186,945</u>	<u>461,056</u>	<u>2,588,914</u>
Depreciation						
At 1 January 2021	15,676	96,241	38,793	57,573	121,401	329,684
Charge for the year on owned assets	24,837	22,066	186,878	37,251	112,638	383,670
Transfer of trade	47,034	32,164	653,480	80,308	137,542	950,528
At 31 December 2021	<u>87,547</u>	<u>150,471</u>	<u>879,151</u>	<u>175,132</u>	<u>371,581</u>	<u>1,663,882</u>
Net book value						
At 31 December 2021	<u>146,043</u>	<u>31,795</u>	<u>645,906</u>	<u>11,813</u>	<u>89,475</u>	<u>925,032</u>
At 31 December 2020	<u>408</u>	<u>42,193</u>	<u>105,033</u>	<u>4,590</u>	<u>32,094</u>	<u>184,318</u>

Due to transfer of trade, assets and liabilities from AMN Garage Services Limited and Hofmann Megaplan (UK Limited) on 1 April 2021 and 1 August 2021, respectively, all tangible assets of both companies have been transferred to ISN Europe Limited.

The net book value of assets held under finance lease included above is £486,685 (2020: £98,026). Depreciation charged on assets under finance lease was £154,351 (2020: £6,222).

Depreciation is charged to administrative expenses.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Stocks

	2021 £	2020 £
Work in progress	246,034	-
Finished goods and goods for resale	8,457,576	2,941,110
	<u>8,703,610</u>	<u>2,941,110</u>

12. Debtors

	2021 £	2020 £
Due after more than one year		
Deferred tax asset	-	39,364
	<u>-</u>	<u>39,364</u>
Due within one year		
Trade debtors	3,378,750	1,202,762
Amounts owed by group undertakings	1,500,994	544,960
Other debtors	787,269	113,389
	<u>5,667,013</u>	<u>1,900,475</u>

13. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	982,270	536,582
	<u>982,270</u>	<u>536,582</u>

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Obligations under finance lease	301,554	58,742
Trade creditors	4,057,551	1,080,132
Amounts owed to group undertakings	6,881,126	1,271,808
Other taxation and social security	508,521	288,018
Other creditors	419,175	2,139
Accruals and deferred income	1,129,120	69,791
	<u>13,297,047</u>	<u>2,770,630</u>

Obligations under finance lease and hire purchase agreements are secured on the assets concerned.

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

	2021 £	2020 £
Obligations under finance leases	<u>81,113</u>	<u>55,515</u>

Obligations under finance lease and hire purchase agreements are secured on the assets concerned.

16. Deferred taxation

	2021 £
At beginning of year	39,364
Decrease	(39,364)
At end of year	<u>-</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>-</u>	<u>39,364</u>

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Provisions

	Dilapidations £
At 1 January 2021	145,516
Utilised	(47,516)
At 31 December 2021	98,000

The dilapidations provision relates to the property held under operating lease.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	301,554	58,742
Between 1-5 years	81,113	55,515
	382,667	114,257

Hire purchase payments represent rentals payable by the Company for certain items of motor vehicles. Hire purchase include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Company's obligations under hire purchase are secured by the lessor's charges on the leased assets. The net book value of the secured assets is disclosed in note 10.

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
30 (2020: 30) Ordinary shares of £1.00 each	30	30

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

ISN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £62,312 (2020: £22,043). Contributions totalling £20,252 (2020: £3,680) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Within one year	130,809	119,540
Between one and five years	631,250	80,069
After more than five years	336,667	-
	<u>1,098,726</u>	<u>199,609</u>

22. Financial commitments, guarantees and contingent liabilities

At the year end the company had a guarantee of £60,000 (2020: £60,000) in favour of HMRC.

23. Related party transactions

As a wholly owned subsidiary of J&S Products Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other members of the group headed by J&S Products Limited.

24. Ultimate controlling party

The immediate parent company of ISN Europe Limited is J&S Products Limited and the company is consolidated within the accounts of J&S Products Limited. The registered office of J&S Products Limited is Unit 5, Lotus Court, Harvard Industrial Estate, Kimbolton, Huntingdon, PE28 0NJ. The ultimate controlling party and parent company is Polk Holdings Inc. The consolidated financial statements of Polk Holdings Inc. are available from its registered office, 2727 Interstate Dr, Lakeland, FL 33805, USA.