

REGISTERED NUMBER: 11771655

SYNETIQ LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2021



SYNETIQ LIMITED
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FOR THE YEAR ENDED 28 FEBRUARY 2021

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SYNETIQ LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2021

DIRECTORS: T C Rumboll

COMPANY SECRETARY: L A Manton

REGISTERED OFFICE: Bentley Moor Lane
Adwick-Le-Street
Doncaster
South Yorkshire
DN6 7BD

REGISTERED NUMBER: 11771655

INDEPENDENT AUDITORS: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

BANKERS: HSBC Bank plc
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

SYNETIQ LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their strategic report for year ended 28 February 2021.

Principal Activities

The principal activities of SYNETIQ Limited ("the Company", "SYNETIQ") are the provision of bespoke vehicle salvage, dismantling and online auction services. SYNETIQ also provides Green automotive parts supply for the B2B and B2C markets, mechanical solutions for large fleets, Vehicle Registration Marks (VRM) and software solutions. The company operates from a number of sites within the United Kingdom.

Review of business and future developments

Turnover for the year totalled £149.0m (2020: period from 16 January 2019 to 28 February 2020 £132.1m), an increase of 12.8%. Operating profit was £10.9m (2020: period from 16 January 2019 to 28 February 2020 £4.9m). One of the company's key performance indicators is EBITDA which totalled £13.3m (2020: period from 16 January 2019 to 28 February 2020 £7.1m). The company had net assets of £12.7m at 28 February 2021 (2020: £3.8m). The company has continued to benefit during the year from the synergies of the four way merger in March 2019 and the investment in growth activity.

When the government placed the country into national lockdown in March 2020, SYNETIQ immediately took steps to secure the safety of its employees and customers, closing customer facing areas and quickly moving the majority of its trade on-line.

SYNETIQ were recognised by DEFRA as an essential business providing vehicle removal services to the insurance and emergency services so they could continue to operate whilst keeping its employees and clients safe. The business took their keyworker status very seriously whilst taking steps to secure the financial stability of the business using the Coronavirus Job Retention Scheme for a number of non-essential colleagues during the ongoing pandemic.

SYNETIQ was able to keep all of its facilities operational during the lockdown period, implementing stringent social distancing and hygiene procedures, supplying additional PPE to its front-line employees, encouraging office-based colleagues to work from home where possible, and offering free storage and delivery services to customers.

As a result of the lockdown there was a significant reduction in the frequency and number of vehicle miles travelled in the country resulting in a fall in the number of vehicle accidents. Although this had an impact on the supply of vehicles from insurance clients, the flow of vehicles from clients in other sectors continued. This coupled with the existing stock in the company allowed SYNETIQ to fully stock its online auctions during the period with minimal disruption.

The advice from Government to avoid public transport where possible meant that the performance of the auctions and retail vehicle sites remained strong with robust demand for private vehicles maintaining average selling prices at pre Covid-19 levels.

The reduction in the sale of new cars and importation of car parts during the pandemic has positively impacted the demand for green parts with more drivers looking to maintain and repair their vehicles. SYNETIQ has been an important partner to the UK body shops during the pandemic, maintaining the supply of parts for repair, with a focus on ensuring that emergency services and key workers were able to keep mobile.

The vision for SYNETIQ is to continue to lead the way in creating a vehicle recycling industry we can all be proud of. To achieve this, there is an over-arching strategy that has sustainability at its heart, core business values that help all teams understand how to behave (care, simplicity, and integrity) and strategic business pillars of compliance, innovation, value, and customer experience.

SYNETIQ LIMITED

STRATEGIC REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

On the 31 July 2020, a fire occurred at our Bentley Moor Lane site. The fire had an insignificant impact on the operations and financial performance of the business. The business is fully insured against losses incurred and concluded the claims process with its broker and insurance company in March 2021. During the financial year £185,000 was received in respect of the claim.

SYNETIQ continues to be part of the London Stock Exchange Elite Programme. It continues to be valuable in identifying and developing plans to enhance the areas that are crucial to the future success of SYNETIQ.

Digitalisation

SYNETIQ continues to invest in technology through its stock management system and its self-developed online vehicle auction platform. These systems and platforms enable sales of over 100,000 vehicles per year across an active buyer base.

Digitalisation is pivotal to SYNETIQ's key business pillar of innovation and continually reviewing and enhancing customer journeys to make them simple and straight forward which is key to SYNETIQ's future success. Technology is making it easier to buy and is saving time for customers, clients, and the business. SYNETIQ are benefiting from the improvement and digitalisation of customer journeys through improved customer and client feedback as well as cost efficiencies.

Key Performance Indicators (KPI's)

As well as the management of costs and working capital to maximise profit and target investment, SYNETIQ uses certain KPI's to monitor its performance. The principal KPI's are as follows:

EBITDA	Earnings before interest, tax, depreciation & amortisation
EBITDA margin	Earnings before interest, tax, depreciation & amortisation expressed as a percentage of sales
Gross margin	The ratio of gross margin to sales expressed as a percentage
Sales Growth	Current year sales divided by prior year sales expressed as a percentage
Collection Days	Number of days from date of instruction to recover a vehicle to site
Clearance Days	Number of days from date of instruction to date of insurance clearance
Revenue per unit	Average revenue earned from each vehicle
Conversion	Number of vehicles sold divided by number of vehicles offered for sale expressed as a percentage
Stock days	The level of stock and its ratio to cost of sales
Customer Experience	We measure customer satisfaction in a number of ways to inform areas of improvement
Health & Safety	Near misses, incidents and accidents per 100,000 labour hours, and RIDDORS
Client NPS	The "Net Promoter Score" is defined as how many of our clients would recommend our services

See page 2 for an assessment of the company's performance in respect of revenue growth and EBITDA which are the company's main KPIs.

SYNETIQ LIMITED

STRATEGIC REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

Compliance

Health, Safety, Environment and Quality (HSEQ) performance and KPIs across all sites are reviewed at every Executive and Operations Board meeting and any form of non-compliance is documented and training is provided to ensure continuous improvement

SYNETIQ continues to operate an integrated management system which includes ISO 9001, 14001, 27001 and 45001; this has proved to be an effective way of achieving standardisation across sites.

Regular audits, colleague training and close liaison with the regulatory authorities keep the company focused and engaged in this critical area. Depollution activities are conducted in specialist zones ensuring that the environment is fully protected. The company continues to hold all the necessary regulatory licences and permits from the Environment Agency.

Maintaining compliance to GDPR is a significant priority for SYNETIQ. Processes are in place to clear personal data from all vehicles handled. Sat navs & dash cams are wiped, and any personal items are collected and securely returned to the policy holder. There are two qualified GDPR practitioners within the team and regular colleague training takes place to ensure ongoing conformity.

As a leading salvage and vehicle recycling company, SYNETIQ's operations are sustainable by nature. The UK has fallen short of the EU vehicle recycling target of 95.0% for the calendar year of 2020, with an average of 92.0% of each vehicle being recycled within the industry overall. SYNETIQ are proud to have met this target for the calendar year of 2020, with 95.3% of each vehicle it handles being successfully reused or recycled. SYNETIQ promotes the 4 'R's - reduce, reuse, remanufacture and recycle, with recycle being the last resort if a vehicle, part, or material has reached the end of its life.

Our Values

As well as promoting the 4 R's, the company's overall values can be summarised within four key areas which all have a focus on sustainability:

Vision

To lead the way in creating a vehicle recycling industry that we can all be proud of.

Mission

To lead the vehicle recycling industry through our focus on innovation, customer experience and a commitment to doing the right thing.

Values

Care, simplicity and integrity is at the heart of everything SYNETIQ and its employees do on a day to day basis.

Pillars

Compliance- we will always put compliance, safety and social responsibility first.

Innovation- We will lead the industry by investing in new and better ways of working.

Value- We will strive to always deliver great value for our clients and customers.

Customer experience- We will make sure everything we do benefits our clients and customers.

SYNETIQ LIMITED
STRATEGIC REPORT CONTINUED
FOR THE YEAR ENDED 28 FEBRUARY 2021

Colleagues & Community

Corporate social responsibility

SYNETIQ's Corporate Social Responsibility (CSR) strategy is to do the right thing for its Clients, Customers, Colleagues, and the Communities that its sites are based in. Corporate Social Responsibility has been high on SYNETIQ's agenda since its creation and in order to keep this at the forefront, it has established a Colleague and Community Forum, made up of representatives from each department. The forum is led by the Heads of HR and Marketing and meets monthly to discuss what is important to SYNETIQ colleagues.

The company's main charity partner continues to be The Sick Children's Trust, meaning the funds raised by colleague events is either wholly donated or split with the charity. Colleagues can also each choose to volunteer at The Sick Children's Trust, or a cause important to them once a year with a full days pay.

SYNETIQ is a proud supporter of important causes in the communities around its sites. The business offers a 'pound for pound matching' scheme for all employees, meaning it will match the total raised up to £500.

In February 2020, SYNETIQ announced its partnership with Team BRIT, which aims to be the first all-disabled team to race in the Le Mans 24 hour. Through its Racing Academy, set up in 2019, it supports people with physical and psychological challenges in accessing motorsport. As part of this sponsorship, SYNETIQ has supplied the team with salvage vehicles from its online auction, plus any parts the team require, to be upgraded and specially adapted for its Racing Academy. The partnership with Team BRIT ended in February 2021.

SYNETIQ is continuing to gain real momentum with clients, customers, colleagues, and their communities. During the year SYNETIQ was short listed for Green business of the year, Large business of the year and Excellence in Corporate Social Responsibility at the Doncaster business awards.

During the year SYNETIQ became the title sponsor of TAS Racing for the British Superbike Champion season under the banner of SYNETIQ BMW Motorrad.

Equal opportunities

The company promotes an environment where diversity is recognised, valued, and encouraged. This is applied throughout all areas of employment such as conduct at work, recruitment and selection, training and development, pay, benefits, rewards and promotion, grievances and disciplinary issues, termination of employment. We offer support and training where necessary to achieve and maintain this. The company is committed to promoting a policy of diversity and fairness, with employees been treated equally regardless of sex, ethnic origin, sexual orientation or marital status.

Employee engagement

The company recognises the importance of regular 2-way communication and engagement with its employees. We communicate through regular manager meetings, team briefings and weekly newsletters. The company has established regular employee representative forums which meet with senior managers along with a formal monthly colleague and community forum with representatives from all sites and departments. The groups discuss colleague welfare matters, community engagement, health, safety and environmental matters, training and development, along with helping to shape our sustainability agenda. The company promotes the involvement of employees in the company's performance by inviting certain employees to participate in an employee share scheme.

The development and well-being of the company's employees is of fundamental importance to the success of the business. The company invests significant sums into training, runs a successful apprenticeship scheme, and makes use of the apprenticeship levy to help fund studies for professional qualifications.

SYNETIQ LIMITED

STRATEGIC REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

Stakeholder engagement

Understanding the views of key stakeholders, including suppliers, customers and others in a business relationship with the company, is important to the Board. The Directors have taken steps to consider stakeholders' views in Board discussions and decision making. Different guests have been invited to board meetings both internally and externally to discuss topics upon which the Board make strategic decisions, as well as direct engagement with key stakeholders to develop an understanding of their needs.

Principle risks and uncertainties and financial risk management

The company operates in a highly competitive and diverse market with numerous smaller independent operators as well as larger businesses capable of delivering national coverage. There are several trade groups offering membership to independent operators to enable them to compete with the larger businesses at a UK wide level.

Competitive pricing pressure is addressed through continual operational and technological innovation and investment in new and value-added capabilities, processes, and people development. The company works using a partnership approach with its clients, building strong and lasting relationships for its existing client base along with developing close sustainable relationships with other insurers.

Management continually review the financial risk inherent in the business and considers this risk to be low. The company holds a number of finance leases on fixed terms with well-known financial institutions.

Financial risk management

Throughout the year interest rates have remained at historically low levels. Management expect that this will continue throughout the next financial year reducing interest rate risk.

Where appropriate credit checks are carried out on customers, however the majority of our customers pay in full on or before collection of the vehicles or parts therefore reducing any credit risk.

The company continues to have regular dialogue and strong relationships with its bankers. Management consider that there is sufficient access to finance in place should the company require cash flow to meet its business requirements reducing liquidity and cash flow risk.

All of the company's sales and purchases are denominated in sterling therefore eliminating any foreign exchange risk.

Economic uncertainty

Our offering to customers and clients is continuously reviewed to ensure that our product mix and pricing are appropriate to market conditions. Costs are reviewed regularly and are subject to robust approval processes.

Whilst the COVID-19 pandemic is still on going, the risks and uncertainties faced by SYNETIQ are seen to be largely reduced due to the nature of operations, however they have been factored into future cashflow forecasts.

As the restrictions are reduced in the United Kingdom, it is too soon to say whether the fall in vehicle accidents as a result of a reduction in the frequency and number of vehicle miles will be permanent. Whilst this may impact the supply of vehicles from insurance clients, there is still a flow of vehicles from clients in other sectors.

The continued advice from Government to avoid public transport where possible means that the performance of the auctions and retail vehicle sites remains strong with robust demand for private vehicles maintaining average selling prices at pre Covid-19 levels.

SYNETIQ LIMITED

STRATEGIC REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

The reduction in the sale of new cars and importation of car parts has positively impacted the demand for green parts with more drivers looking to maintain and repair their vehicles. SYNETIQ has been an important partner to the UK body shops during the pandemic, maintaining the supply of parts for repair.

SYNETIQ continues to monitor the potential effects of Brexit. The leadership team of SYNETIQ worked through the implications of Brexit by function and developed a plan based on potential outcomes, which was approved at Executive Board level. There have been no changes to the way in which SYNETIQ operates, however the plan is still in place should any changes be required in the future.

With a high volume of new vehicles and original equipment manufacture parts currently imported into the UK, delays due to border control and customs clearance would lead to increasing costs and, in turn, an increased demand for domestically sourced vehicles and parts. SYNETIQ's market leading integrated approach to green parts, salvage vehicles and second-hand vehicle sales presents a possible strategic advantage.

Competition and pricing risk

Competition in the market remains strong. Clients remain focused on maximising returns on both salvage and dismantling vehicles, and management are therefore focussed on providing and developing a market leading service working closely with our existing and prospective clients to mitigate the risk of contract losses. Demand in the market remains robust with average auction selling prices remaining strong along with a continuing active on-line buyer base.

Section 172 statement

The board of directors recognises its duties both individually and collectively under s172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole, and in doing so have regard to the interests of its stakeholders including:

- The interests of the company's employees
- The need to develop and maintain strong relationships with its suppliers and customers
- The impact of the company's operations on the community and environment
- The need to continually invest and review to ensure the company complies with its regulatory and environmental responsibilities and maintains its close relationships with its regulatory bodies
- Its social responsibility to contribute to the wellbeing of the local community in which it operates
- Maintaining a reputation for high standards of business conduct
- Maintain our commitment to recycling over 95% of the vehicles in our possession

The Board operates through a governance framework that delegates day-to-day decision making to the employees of the company through the development of a delegation of authority matrix. We have a clear operating and decision-making structure with an Operating Board that meets each month and reports into the Executive Board. Members of the Operating Board are invited to present progress and plans and raise ideas and concerns during Executive Board meetings. Each functional lead has developed a 3-year business plan for their department to feed into the company Business Plan. A Senior Management Team (SMT) has been created, reporting into the Operating Board with clear lines of communication. Monthly conference calls are held with the SMT to provide business updates, answer questions and communicate objectives developed through the business planning process.

SYNETIQ LIMITED

STRATEGIC REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

Our vision is to lead the way in creating a vehicle recycling industry that we can all be proud of, through our focus on innovation, customer experience and a commitment to doing the right thing. We will always put compliance, safety, and social responsibility first, leading the industry by investing in new and better ways of working via a partnership approach with our clients, to deliver great value to our clients and customers.

We have engaged with our clients through for example collaborating in technological advances by integrating IT systems, making keynote speeches at industry events, and participating as guest presenters on client led podcasts. We take care to understand the pillars and values of our clients and customers, to ensure that we align with these to enable all parties to achieve their objectives.

The directors regularly review SYNETIQ's principal stakeholders and how it engages with them. Information is provided on a continuous basis to all the stakeholders through direct engagement with employees at all levels throughout the company, regular meetings with our bankers and clients and other key stakeholders.

The Board is committed to openly engaging with its shareholders through regular dialogue, meetings, and business updates. We recognise the importance of shareholders understanding our strategy and objectives, so they have confidence that this aligns with their objectives, and ensure that all feedback from shareholders is fully understood and considered.

Each stakeholder group are considered when significant decisions are being taken to ensure that we behave responsibly and act fairly and equally. Relationships with each of these stakeholders is fundamental to the company's success and therefore the impact on each stakeholder group of decision making is an important part of that process.

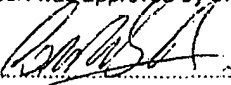
As a company we strive to make a positive impact with the communities and people with which we interact. We encourage our employees to support the communities around us by allowing them one day paid leave each year to participate in community led projects, donating vehicles to local colleges and emergency services to facilitate vocation and scenario based training, and supporting organisations such as Team Brit, a competitive motor racing team consisting of disabled drivers. Our employees actively raise funds for local charities such as the Sick Children's Trust, and loan vehicles to local food banks to help with deliveries.

As a Board of Directors, our intention is to behave responsibly and ensure that the management operate the business to a high ethical standard, maintaining the principles of excellent governance and business conduct that would be expected for a business such as this.

CEO statement

The year ended 28 February 2021 was a transformational year for SYNETIQ where the character, competence and commitment of our people really shone through in providing market leading service to our clients and customers, ensuring the safety and wellbeing of our colleagues, driving business improvement initiatives at pace, culminating in delivering an exceptional financial performance. Focussing our time, effort and resources in the areas that matter most to our Clients, Colleagues and Customers SYNETIQ has seen SYNETIQ continue to develop, improve, grow and lead the industry. I am incredibly proud to lead this business and of the performance we have delivered.

This report was approved by the Board and signed on its behalf by:


.....
Tom Rumbolt
Director

12 November 2021

SYNETIQ LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their report and the audited financial statements of the company for the year ended 28 February 2021.

DIVIDENDS

No dividends will be distributed for the year ended 28 February 2021 (2020: period from 16 January 2019 to 28 February 2020 £nil).

DIRECTORS

The directors who have held office during the year and up to the date of this report are as follows:

D J Harcourt (Resigned 26 October 2021)
R Martin (Resigned 26 October 2021)
T C Rumboll
J A Schofield (Resigned 26 October 2021)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision. The indemnity was in force throughout the financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

RESEARCH & DEVELOPMENT

The company continues to invest in and develop its on-line auction platform and ERP system, along with developing interfaces with client systems to enhance the customer and client experience.

POST BALANCE SHEET EVENTS

The claim in respect of the fire at Bentley Moor Lane was finalised in March 2021 and the final payment was received in April 2021.

EMPLOYEES

Full and fair consideration is given to applications for employment that disabled people having regard for the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the company continues and that appropriate training is arranged. The training, career development and promotion is identical to that of other employees.

MATTERS COVERED IN THE STRATEGIC REPORT

The streamlined energy and carbon reporting, business review, future developments, financial risk management, employee engagement, equal opportunities and stakeholder engagement are all discussed in the strategic report on pages 2 to 8.

SYNETIQ LIMITED

DIRECTORS' REPORT CONTINUED FOR THE YEAR ENDED 28 FEBRUARY 2021

GOING CONCERN

The company has continued to trade profitably throughout the period of COVID 19 and having reviewed the company's forecasts and projections, including assessment of a severe but plausible downside scenario in relation to the impact of COVID19, the directors are confident that the company has sufficient resources to continue to operate profitably for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statement.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 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 the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

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

SYNETIQ LIMITED

**DIRECTORS' REPORT CONTINUED
FOR THE YEAR ENDED 28 FEBRUARY 2021**

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the Board and signed on its behalf by:


.....
Tom Rumball
Director

12 November 2021

Independent auditors' report to the members of SYNETIQ LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, SYNETIQ LIMITED's financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 28 February 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 28 February 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent

manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of journal entries to manipulate financial performance and management bias in determining significant accounting estimates including stock and trade debtors provisioning and the useful economic lives of fixed assets. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance within the Company and inspecting legal correspondence in respect of actual and potential litigation and claims;
- *Obtaining supporting evidence for the significant accounting estimates and judgements made by management;*
- Testing of a selection of journal entries, in particular journal entries posted with unusual account combinations and those posted to revenue; and
- Reviewing financial statement disclosures and testing to supporting audit evidence, where appropriate to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kevin Strauther (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
15 November 2021

SYNETIQ LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Note	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
TURNOVER	5	149,013	132,127
Cost of sales		<u>(117,318)</u>	<u>(108,019)</u>
GROSS PROFIT		31,695	24,108
Administrative expenses		(22,238)	(19,222)
Other operating income	6	<u>1,409</u>	<u>-</u>
OPERATING PROFIT	7	10,866	4,886
Interest payable and similar expenses	9	<u>(79)</u>	<u>(211)</u>
PROFIT BEFORE TAX		10,787	4,675
Tax on profit	10	<u>(1,903)</u>	<u>(852)</u>
PROFIT FOR THE FINANCIAL YEAR/PERIOD		8,884	3,823
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u><u>8,884</u></u>	<u><u>3,823</u></u>

SYNETIQ LIMITED (REGISTERED NUMBER: 11771655)

**BALANCE SHEET
AS AT 28 FEBRUARY 2021**

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	11	27	-
Tangible assets	12	9,845	9,905
		<u>9,872</u>	<u>9,905</u>
CURRENT ASSETS			
Stocks	13	10,089	11,510
Debtors	14	5,164	4,918
Cash at bank and in hand		10,310	113
		<u>25,563</u>	<u>16,541</u>
Creditors: Amounts falling due within one year	15	(21,114)	(20,541)
NET CURRENT ASSETS/(LIABILITIES)		<u>4,449</u>	<u>(4,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,320	5,905
Creditors: Amounts falling due after more than one year	16	(1,202)	(1,706)
Provisions for other liabilities	19	(412)	(376)
NET ASSETS		<u><u>12,707</u></u>	<u><u>3,823</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	-	-
Retained earnings		12,707	3,823
TOTAL EQUITY		<u><u>12,707</u></u>	<u><u>3,823</u></u>

The financial statements on pages 15 to 35 were approved by the Board of Directors and authorised for issue on 12 November 2021 and were signed on its behalf by:



 Tom Rumbolt
 Director

The notes on pages 18 to 35 form part of these financial statements.

SYNETIQ LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
On incorporation (16 January 2019)	-	-	-
Profit for the financial period and total comprehensive income	-	<u>3,823</u>	<u>3,823</u>
Balance as at 28 February 2020 and 29 February 2020	-	3,823	3,823
Profit for the financial year and total comprehensive income	-	<u>8,884</u>	<u>8,884</u>
Balance as at 28 February 2021	<u>-</u>	<u>12,707</u>	<u>12,707</u>

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

1. STATUTORY INFORMATION

The principal activities of SYNETIQ Limited ("the company", "SYNETIQ") are the provision of bespoke vehicle salvage, dismantling and online auction services. SYNETIQ also provides Green automotive parts supply for the B2B and B2C markets, mechanical solutions for large fleets, Vehicle Registration Marks (VRM) and software solutions. The company operates from a number of sites within the United Kingdom.

SYNETIQ Limited is a private company, limited by shares and is incorporated in the United Kingdom and registered in England. The company's registered office address is SYNETIQ Limited, Bentley Moor Lane, Adwick-Le-Street, Doncaster, South Yorkshire, DN6 7BD.

2. STATEMENT OF COMPLIANCE

The financial statements of SYNETIQ Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS102') and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1 Basis of preparing the financial statements

These financial statements have been prepared for the year ended 28 February 2021 (2020: period 16 January 2019 to 28 February 2020).

These financial statements are prepared on a going concern basis, under the historical cost convention.

The company's functional and presentational currency is the pound sterling. The financial statements are rounded to thousands.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements in note 4.

3.2 Going Concern

The company has continued to trade profitably throughout the period of COVID 19 and having reviewed the company's forecasts and projections, including assessment of a severe but plausible downside scenario in relation to the impact of COVID19, the directors are confident that the company has sufficient resources to continue to operate profitably for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statement.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.3 Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied. The company's shareholders have been notified and have no objection to the use of the exemptions.

The company has taken advantage of the exemption, under the FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, SYNETIQ Holdings Limited, includes the company's cash flows in its consolidated financial statements.

The company has taken advantage of the exemption from the financial instruments disclosures, required under paragraphs 11.42 to 11.48A and paragraphs 12.26 to 12.29A, as the information is provided in the consolidated financial statements of SYNETIQ Holdings Limited.

The company has taken advantage of the exemption under FRS 102 paragraph 33.1A from disclosing transactions entered into between two or more wholly-owned members of the SYNETIQ Holdings Limited Group.

3.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns and value added tax.

The company bases its estimate of returns on historical results, taking into consideration the sales channel and the returns policy.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

(i) Sale of goods- Auction

Turnover from auction sales is recognised in accordance with the contract under which the vehicle is received. Where ownership of the vehicle transfers to the company, revenue is recognised on a gross basis, when the risks and rewards of ownership have transferred to the buyer. Where the company does not take ownership of the vehicle, sellers fees arising on agency-based contracts are recognised on a net basis when the risks and rewards of ownership of the vehicle have passed to the buyer.

Buyer fees for auction services are recognised upon completion of the sale. Fees for post-sale services are recognised upon successful completion of those services. Buyer registrations relist and late payment fees are recognised upon receipt of payment.

(ii) Sale of goods- Repossessions UK

The company operates a number of retail sites for the sale of cars and commercial vehicles. Sales of goods are recognised on sale to the customer, which is considered the point of delivery.

(iii) Sale of goods- Parts and scrap

Turnover from vehicle parts and scrap sales is recognised upon delivery to the customer or, in the case of retail counter and export sales, generally upon collection by the customer or their agent.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.4 Turnover (continued)

(iv) Sale of goods- IT services

The company licences its in house software to other companies within the sector. Turnover is recognised as the rights are used and the services are provided.

3.5 Other operating income

Other operating income is recognised when the right to receive the payment is established.

3.6 Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the year in which the service is received.

(ii) 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Share based payments

The company participates in a share-based payment arrangement operated by its parent company, SYNETIQ Holdings Limited. The company recognised a management recharge from SYNETIQ Holdings Limited of the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.7 Tax

Tax expense for the year comprises current and deferred tax recognised in the financial year. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.8 Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of 3 years on a straight-line basis.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs that are associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as the criteria in 18.8H of FRS102 is met. Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

3.9 Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected.

Depreciation is calculated so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is calculated as follows:

Property	- Straight line basis over the period of the lease
Plant and machinery	- 20% per annum on a reducing balance basis
Fixtures and fittings	- Straight line basis over 3 to 10 years
Motor vehicles	- 25% per annum on a reducing balance basis

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. The assets are not depreciated until it is available for use.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.10 Leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets acquired under finance leases are capitalised and depreciated over the lower of the useful life and the terms of the lease. Assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. Rentals payable are apportioned between the finance element, which is charged to the profit and loss, and the capital element, which reduces the outstanding obligation for future instalments.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease. Lease incentives are recognised on a straight-line basis over the period until the next rent review.

3.11 Stocks

Stocks are valued at the lower of cost and net realisable value (NRV). Stocks are recognised as an expense in the year in which the related revenue is recognised. Cost includes all costs incurred in bringing each product to its present location:

Salvage vehicles	- cost of the vehicle, plus direct vehicle collection costs incurred
Dismantling vehicles	- cost of the vehicle, plus direct vehicle collection and handling costs, adjusted for the removal of parts
Dismantled parts for resale	- direct costs incurred in the dismantling of the parts
Scrap materials for resale	- market value (being the lower of cost and NRV)

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion or disposal.

At the end of each financial year stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

3.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within creditors in current liabilities.

3.13 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.14 Financial Instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

3.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

3. ACCOUNTING POLICIES (CONTINUED)

3.16 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with its parent, SYNETIQ Holdings Limited, or with members of the SYNETIQ Holdings Limited group that are wholly owned.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements in applying the entity's accounting policies

(i) Share-based payments

The company's employees have been granted share options by the parent company, SYNETIQ Holdings Limited. The company recognised a management recharge from SYNETIQ Holdings Limited of the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees.

4.2 Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Stock provisioning

The company sells salvage vehicles and recycled parts to a variety of customers through various channels. It is necessary to estimate the value of stock as at the reporting date by considering the recoverability of its cost and associated provisioning required. When calculating the value of stock, management considers the age and condition of the stock as well as applying assumptions around its saleability of goods. The net carrying amount of stock is detailed in note 13.

(ii) Trade debtors provisioning

The company makes an estimate of the recoverable value of debtors. Management considers factors including the current financial position of the debtor and historical experience when assessing whether a provision is required.

(iii) Tangible fixed assets

Tangible fixed assets are depreciated over their useful economic lives, taking into account residual value where relevant. The actual life of an asset may vary depending on a variety of factors and are therefore reviewed annually.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

5. TURNOVER

Turnover represents the amounts derived from sale of goods and provision of services included in the company's definition of ordinary activities; net of value added tax. The total turnover of the company for the year has been derived from its principal activity being the provision of bespoke vehicles salvage, dismantling and online auction services and represents operations within the UK only.

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Sale of goods	130,622	121,245
Rendering of services	18,391	10,882
	<u>149,013</u>	<u>132,127</u>

6. OTHER OPERATING INCOME

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Other operating income	1,409	-
	<u>1,409</u>	<u>-</u>

Other operating income includes Coronavirus Job Retentions Scheme income of £1,143,000 (Period 16 January 2019 to 28 February 2020 £nil), other grant income of £26,000 (Period 16 January 2019 to 28 February 2020 £nil), income from the insurers in relation to our ongoing claim from the fire at our Bentley Moor Lane site on 31 July 2020 of £185,000 (Period 16 January 2019 to 28 February 2020 £nil) and other income of £55,000 (Period 16 January 2019 to 28 February 2020 £nil).

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Loss/(profit) on disposal of tangible assets	317	(17)
Depreciation of tangible assets	2,340	2,204
Amortisation of intangible assets	46	-
Stock recognised as an expense	98,022	89,187
Impairment of stock	302	-
Impairment of debtors	221	119
Operating lease charges	2,808	2,629
Auditors' remuneration	88	83
Share based payments	373	372

The share based payment charge of £373,000 was incurred by SYNETIQ Holdings Limited and passed to SYNETIQ Limited through a management recharge. For full disclosure, including the valuation assumptions, please refer to the consolidated financial statements of SYNETIQ Holdings Limited, which can be obtained from the Registered Office at Bentley Moor Lane, Adwick-Le-Street, Doncaster, South Yorkshire, United Kingdom, DN6 7BD.

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'Other services' as this information is included in the consolidated financial statements of SYNETIQ Holdings Limited.

8. EMPLOYEES AND DIRECTORS

Total staff costs were as follows:

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Wages and salaries	13,340	12,565
Social security costs	1,154	1,071
Other pension costs	234	211
	<u>14,728</u>	<u>13,847</u>

SYNETIQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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

	Year ended 28 February 2021 No.	Period 16 January 2019 to 28 February 2020 No.
Operations	359	331
Support	179	192
	<u>538</u>	<u>523</u>

Directors emoluments are paid by the parent company, SYNETIQ Holdings Limited. Full disclosure of Directors emoluments are shown in the statutory accounts of SYNETIQ Holdings Limited.

During the year an operating board was formed. This comprises of senior management. The compensation paid to key management (excluding directors as this is borne by SYNETIQ Holdings Limited), which is included within total staff costs shown above, were as follows:

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Wages and salaries	544	-
Social security costs	65	-
Other pension costs	9	-
	<u>618</u>	<u>-</u>

The average number of key management included in average monthly number of persons employed by the company shown above during the year was 8 (2020: Nil).

SYNETIQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Bank interest	17	108
Hire purchase interest	54	103
Other interest	8	-
	<u>79</u>	<u>211</u>

10. TAX ON PROFIT

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Current tax:		
UK corporation tax on profit for the year/period	2,139	883
Adjustments in respect of prior periods	(272)	-
	<u>1,867</u>	<u>883</u>
Deferred tax:		
Origination and reversal of timing differences	(43)	(31)
Adjustment in respect of prior periods	31	-
Effect of changes in tax rates	48	-
	<u>36</u>	<u>(31)</u>
Tax on profit	<u>1,903</u>	<u>852</u>

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

10. TAX ON PROFIT (CONTINUED)

Reconciliation of total tax charge included in profit and loss

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

	Year ended 28 February 2021 £'000	Period 16 January 2019 to 28 February 2020 £'000
Profit before tax	10,787	4,675
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	2,050	888
Effects of:		
Expenses not deductible for tax purposes	186	(36)
Effect of group relief	(140)	-
Adjustment in respect of prior periods	(241)	-
Effect of changes in tax rates	48	-
Tax on profit	1,903	852

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. A rate increase to 25% applying with effect from 1 April 2023 was enacted in the Finance Act 2021 on 10 June 2021. The impact of this rate change is not material to the financial statements.

11. INTANGIBLE FIXED ASSETS

	Software £'000
COST	
At 29 February 2020	-
Transfer from tangible fixed assets	91
At 28 February 2021	91
ACCUMULATED AMORTISATION	
At 29 February 2020	-
Transfer from tangible fixed assets	18
Charge for the year	46
At 28 February 2021	64
NET BOOK VALUE	
At 28 February 2021	27
At 28 February 2020	27

SYNETIQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

12. TANGIBLE ASSETS

	Property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
COST					
At 29 February 2020	1,344	7,790	1,213	1,762	12,109
Transfer to intangible fixed assets	-	-	(91)	-	(91)
Transfers between classes	(420)	(4,204)	1,244	3,380	-
Additions	1,193	654	948	161	2,956
Disposals	(394)	(126)	(50)	(201)	(771)
At 28 February 2021	<u>1,723</u>	<u>4,114</u>	<u>3,264</u>	<u>5,102</u>	<u>14,203</u>
ACCUMULATED DEPRECIATION					
At 29 February 2020	125	1,385	253	441	2,204
Transfer to intangible fixed assets	-	-	(18)	-	(18)
Transfers between classes	(27)	(627)	161	493	-
Charge for the year	22	643	620	1,055	2,340
Disposals	(14)	(56)	(35)	(63)	(168)
At 28 February 2021	<u>106</u>	<u>1,345</u>	<u>981</u>	<u>1,926</u>	<u>4,358</u>
NET BOOK VALUE					
At 28 February 2021	<u>1,617</u>	<u>2,769</u>	<u>2,283</u>	<u>3,176</u>	<u>9,845</u>
At 28 February 2020	<u>1,219</u>	<u>6,405</u>	<u>960</u>	<u>1,321</u>	<u>9,905</u>

During a detailed review of fixed assets it was noted that some assets needed transferring between classes. There was no impact to total net book value.

The net book value of property comprises:

	2021 £'000	2020 £'000
Short leasehold	<u>1,617</u>	<u>1,219</u>
	<u>1,617</u>	<u>1,219</u>

SYNETIQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

13. STOCKS

	2021 £'000	2020 £'000
Stocks- goods for resale	<u>10,089</u>	<u>11,510</u>
	<u>10,089</u>	<u>11,510</u>

Stocks are stated after provision for impairment of £302,000 (2020: £nil).

14. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	3,517	2,466
Other debtors	262	1,691
Amounts due from related parties	254	254
Prepayments and accrued income	<u>1,131</u>	<u>507</u>
	<u>5,164</u>	<u>4,918</u>

Trade debtors are stated after provision for impairment of £340,000 (2020: £119,000).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Bank loans and overdrafts (note 17)	-	2,370
Trade creditors	6,089	5,996
Amounts owed to group undertakings	5,083	6,172
Hire purchase contracts (note 18)	902	1,177
Corporation tax	1,185	883
Other taxation and social security	4,249	1,867
Other creditors	182	170
Accruals and deferred income	<u>3,424</u>	<u>1,906</u>
	<u>21,114</u>	<u>20,541</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

SYNETIQ LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Hire purchase contracts	1,202	1,706
	<u>1,202</u>	<u>1,706</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Bank overdraft	-	2,370
	<u>-</u>	<u>2,370</u>

18. LEASING AGREEMENTS

Total minimum lease payments under non-cancellable leases are as follows:

	2021 £'000	2020 £'000
Hire purchase contracts		
Not later than one year	902	1,177
Later than one year and not later than five years	1,202	1,706
	<u>2,104</u>	<u>2,883</u>

	2021 £'000	2020 £'000
Non-cancellable operating leases		
Not later than one year	2,556	2,429
Later than one year and not later than five years	9,456	9,283
Later than five years	20,551	20,424
	<u>32,563</u>	<u>32,136</u>

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

19. PROVISIONS FOR LIABILITIES

The company had the following provisions during the year:

	£'000
Deferred tax	
At 29 February 2020	376
Charged to the statement of comprehensive income	36
At 28 February 2021	412

The provision for deferred tax consists of the following deferred tax liabilities (assets):

	2021 £'000	2020 £'000
Fixed asset timing differences	491	376
Other timing differences	(79)	-
	412	376

20. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted, issued and fully paid		
1 (2020: 1) ordinary share capital of £1	1	1

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption not to disclose related party transactions with wholly owned subsidiaries within the group.

Wellsyke Limited, a company controlled by R Martin and D Martin charged the company £1,275,000 (2020: period from 16 January 2019 to 28 February 2020 £1,275,000) in respect of property rental. At the year end £128,000 (2020: £255,000) was owed by the company to Wellsyke Limited.

Scomart Limited, a company controlled by R Martin and J Schofield charged the company £75,000 (2020: period from 16 January 2019 to 28 February 2020 £nil) in respect of property rental. At the year end £nil (2020: £nil) was owed by the company to Scomart Limited.

Carlton Holdings partnership and Carlton Property Holdings Limited, companies part controlled by J Schofield charged the company £900,000 (2020: period from 16 January 2019 to 28 February 2020 £900,000) and £125,000 (2020: period from 16 January 2019 to 28 February 2020 £125,000) respectively in respect of property rental. At the year end £80,000 (2020: £nil) was owed by the company to Carlton Holdings partnership and £12,500 (2020: £nil) owed by the company to Carlton Property Holdings Limited.

At the year end £254,000 (2020: £254,000) was owed to SYNETIQ Limited by other companies owned by the directors.

SYNETIQ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

22. ULTIMATE CONTROLLING PARTY

At the year end, the company's immediate and ultimate parent undertaking, and the largest and smallest group in which the results of the company are consolidated, is SYNETIQ Holdings Limited. Copies of the consolidated financial statements of SYNETIQ Holdings Limited can be obtained by writing to The Company Secretary, Bentley Moor Lane, Adwick-Le-Street, Doncaster, South Yorkshire, United Kingdom, DN6 7BD.

At the year end, the Directors consider Mr R Martin to be the ultimate controlling party by virtue of his shareholding in SYNETIQ Holdings Limited and position on the Executive Board.

On 26 October 2021, SYNETIQ Holdings Limited was acquired by IAA International Holdings Limited and IAA, Inc. became the ultimate holding party at that date. Due to the ongoing CMA investigation the Directors consider there is no one controlling party from that date.

23. POST BALANCE SHEET EVENTS

The claim in respect of the fire at Bentley Moor Lane was finalised in March 2021 and the final payment was received in April 2021.