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COMPANY REGISTRATION NUMBER 1203916

AAR SERVICES LIMITED
UNAUDITED
FINANCIAL STATEMENTS
31ST DECEMBER 2011



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AAR SERVICES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

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AAR SERVICES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST DECEMBER 2011

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31st December 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was providing consultancy services to the marketing industry

DIRECTORS

The directors who served the company during the year were as follows

Ms K M Glazer

Mr P B Phillips

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

DONATIONS

During the year the company made the following contributions

	2011	2010
	£	£
Charitable	<u>210</u>	<u>200</u>

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
 26 Market Place
 London
 United Kingdom
 W1W 8AN

Signed on behalf of the directors



MR P B PHILLIPS

Chairman

Approved by the directors on 23rd May 2012

AAR SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2011

	Note	2011 £	2010 £
TURNOVER		1,734,268	1,848,012
Administrative expenses		1,308,909	1,498,332
OPERATING PROFIT	2	425,359	349,680
Interest receivable		2,923	2,320
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		428,282	352,000
Tax on profit on ordinary activities	3	102,037	85,529
PROFIT FOR THE FINANCIAL YEAR		326,245	266,471

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 4 to 11 form part of these financial statements

AAR SERVICES LIMITED

BALANCE SHEET
31ST DECEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	5	72,413	40,640
CURRENT ASSETS			
Debtors	6	1,891,897	1,810,197
Cash at bank and in hand		629,791	566,746
		<u>2,521,688</u>	<u>2,376,943</u>
CREDITORS: Amounts falling due within one year	7	<u>722,637</u>	<u>644,950</u>
NET CURRENT ASSETS		1,799,051	1,731,993
TOTAL ASSETS LESS CURRENT LIABILITIES		1,871,464	1,772,633
PROVISIONS FOR LIABILITIES			
Deferred taxation	8	10,931	5,391
		<u>1,860,533</u>	<u>1,767,242</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	100	100
Profit and loss account	12	1,860,433	1,767,142
SHAREHOLDERS' FUNDS	13	<u>1,860,533</u>	<u>1,767,242</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477(2), and that no member or members have requested an audit pursuant to section 476(1) of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 23rd May 2012, and are signed on their behalf by



MR P B PHILLIPS

Company Registration Number 01203916

The notes on pages 4 to 11 form part of these financial statements

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	Over period of the lease
Fixtures & Fittings	-	20% straight line
Office Equipment	-	25% reducing balance basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Directors' remuneration	58,863	200,017
Staff pension contributions	23,108	63,292
Depreciation of owned fixed assets	20,407	12,068
Loss on disposal of fixed assets	19,809	-
Auditor's fees	-	4,800
Operating lease costs		
- Other	68,080	68,080
Net profit on foreign currency translation	-	(899)
	<u> </u>	<u> </u>

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year		
at 22.54% (2010 - 22.73%)	95,747	85,013
Over/under provision in prior year	750	-
Total current tax	96,497	85,013
Deferred tax		
Origination and reversal of timing differences (note 8)		
Capital allowances	5,540	516
Tax on profit on ordinary activities	<u>102,037</u>	<u>85,529</u>

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

3. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22.54% (2010 - 22.73%)

	2011	2010
	£	£
Profit on ordinary activities before taxation	<u>428,282</u>	<u>352,000</u>
Profit on ordinary activities by rate of tax	96,535	80,010
Expenses not deductible for tax purposes	6,486	5,459
Capital allowances for period in excess of depreciation	(7,274)	(456)
Adjustment to tax charge in respect of previous periods	<u>750</u>	<u>-</u>
Total current tax (note 3(a))	<u>96,497</u>	<u>85,013</u>

4. DIVIDENDS

Equity dividends

	2011	2010
	£	£
Paid		
Equity dividends on ordinary shares	<u>232,954</u>	<u>-</u>

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

5. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1st January 2011	62,993	23,774	246,161	332,928
Additions	3,166	33,409	35,413	71,988
Disposals	(62,993)	(15,869)	(225,332)	(304,194)
At 31st December 2011	<u>3,166</u>	<u>41,314</u>	<u>56,242</u>	<u>100,722</u>
DEPRECIATION				
At 1st January 2011	62,993	17,317	211,978	292,288
Charge for the year	63	6,196	14,148	20,407
On disposals	(62,993)	(15,684)	(205,709)	(284,386)
At 31st December 2011	<u>63</u>	<u>7,829</u>	<u>20,417</u>	<u>28,309</u>
NET BOOK VALUE				
At 31st December 2011	<u>3,103</u>	<u>33,485</u>	<u>35,825</u>	<u>72,413</u>
At 31st December 2010	<u>—</u>	<u>6,457</u>	<u>34,183</u>	<u>40,640</u>

6 DEBTORS

	2011 £	2010 £
Trade debtors	171,453	106,750
Other debtors	1,656,263	1,602,533
Directors current accounts	—	8,107
Prepayments and accrued income	64,181	92,807
	<u>1,891,897</u>	<u>1,810,197</u>

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

7. CREDITORS: Amounts falling due within one year

	2011		2010
	£	£	£
Trade creditors		26,032	53,260
Other creditors including taxation and social security			
Corporation tax	95,747		84,263
PAYE and social security	—		52,692
VAT	44,150		38,780
Directors current accounts	20,755		—
Directors current accounts	19,094		11,213
Other creditors	40,942		18,312
Accruals and deferred income	475,917		386,430
		<u>696,605</u>	<u>591,690</u>
		<u>722,637</u>	<u>644,950</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Other creditors	<u>15,333</u>	<u>7,273</u>

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	5,391	4,875
Profit and loss account movement arising during the year	5,540	516
Provision carried forward	<u>10,931</u>	<u>5,391</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>10,931</u>	<u>5,391</u>
	<u>10,931</u>	<u>5,391</u>

AAR SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2011

9. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	17,020	-	-	-
Within 2 to 5 years	-	9,018	68,080	9,018
	<u>17,020</u>	<u>9,018</u>	<u>68,080</u>	<u>9,018</u>

10. RELATED PARTY TRANSACTIONS

There was no independent control of the company by any director during the year

AAR Holdings Limited

At the balance sheet date £1,592,982 (2010 - £1,592,982) was owed by AAR Holdings Limited in respect of a short term interest free loan

11. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

12. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance brought forward	1,767,142	1,500,671
Profit for the financial year	326,245	266,471
Equity dividends	(232,954)	-
Balance carried forward	<u>1,860,433</u>	<u>1,767,142</u>

AAR SERVICES LIMITED
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13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	326,245	266,471
Equity dividends	(232,954)	—
Net addition to shareholders' funds	93,291	266,471
Opening shareholders' funds	1,767,242	1,500,771
Closing shareholders' funds	<u>1,860,533</u>	<u>1,767,242</u>

14. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of AAR Holdings Limited, a company incorporated in England and Wales