

Company no 1727326

REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2011  
FOR  
A & A ELECTRICAL DISTRIBUTORS LIMITED

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A & A ELECTRICAL DISTRIBUTORS LIMITED  
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FOR THE YEAR ENDED 31 OCTOBER 2011

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A & A ELECTRICAL DISTRIBUTORS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 OCTOBER 2011

DIRECTORS

A M Warren  
A K Warren

SECRETARY

A K Warren

REGISTERED OFFICE

234-262 Maybank Road  
South Woodford  
LONDON  
E18 1ET

SENIOR STATUTORY AUDITOR

K M Bailey

AUDITORS

Bailey Phillips  
Chartered Accountants  
Registered Auditors  
17 Hanbury Close  
Cheshunt  
Hertfordshire  
EN8 9BZ

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 31 OCTOBER 2011

The directors present their report with the financial statements of the company for the year ended 31 October 2011

#### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of component distributors

#### REVIEW OF BUSINESS

The results for the year are as shown in the financial statements. The directors are satisfied with the level of business which has been achieved in the current economic climate and are confident that the company is in a strong position for the future.

#### DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2010 to the date of this report

A M Warren

A K Warren

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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.

A & A ELECTRICAL DISTRIBUTORS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 OCTOBER 2011

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

HOLDING COMPANY

The company is a wholly owned subsidiary of A & A 2000 Limited

AUDITORS

The auditors, Bailey Phillips, will be proposed for re-appointment

On behalf of the board

A M Warren - Director



26 July 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
A & A ELECTRICAL DISTRIBUTORS LIMITED

We have audited the financial statements of A & A Electrical Distributors Limited for the year ended 31 October 2011 on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

**Respective responsibilities of the directors and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2011 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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A & A ELECTRICAL DISTRIBUTORS LIMITED

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



K M Bailey (Senior Statutory Auditor)  
for and on behalf of Bailey Phillips  
Chartered Accountants  
Registered Auditors  
17 Hanbury Close  
Cheshunt  
Hertfordshire  
EN8 9BZ

26 July 2012

A & A ELECTRICAL DISTRIBUTORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2011

		2011	2010
	NOTES	£	£
TURNOVER		13,461,918	13,642,227
COST OF SALES		-8,254,354	-8,359,545
GROSS PROFIT		5,207,564	5,282,682
ADMINISTRATIVE COSTS		-5,068,116	-4,025,558
OPERATING PROFIT	2	139,448	1,257,124
INTEREST RECEIVABLE AND SIMILAR INCOME		27,202	25,614
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		166,650	1,282,738
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	-48,828	-355,955
PROFIT FOR THE YEAR AFTER TAXATION		117,822	926,783

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year



A & A ELECTRICAL DISTRIBUTORS LIMITED

BALANCE SHEET AT 31 OCTOBER 2011

	NOTES	2011 £	2010 £
FIXED ASSETS			
Tangible assets	4	125,657	111,790
Investments	5	13,073,354	13,123,397
		<u>13,199,011</u>	<u>13,235,187</u>
CURRENT ASSETS			
Stocks	6	513,286	545,379
Debtors	7	3,986,603	3,264,703
Cash at bank and in hand		2,427,853	2,840,865
		<u>6,927,742</u>	<u>6,650,947</u>
CURRENT LIABILITIES			
Creditors falling due within one year	8	-6,763,626	-6,618,136
NET CURRENT ASSETS		<u>164,116</u>	<u>32,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,363,127	13,267,998
PROVISIONS FOR LIABILITIES			
Deferred tax	9	-3,657,082	-3,655,804
NET ASSETS		<u>9,706,045</u>	<u>9,612,194</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Share based payment reserve	11	36,180	24,120
Profit and loss account	11	9,669,765	9,587,974
SHAREHOLDERS' FUNDS	12	<u>9,706,045</u>	<u>9,612,194</u>

The financial statements were approved by the board of directors on 26 July 2012 and were signed on its behalf by

A M Warren - director



A K Warren - director



A & A ELECTRICAL DISTRIBUTORS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2011

	NOTES	2011 £	2010 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	-7,432	-273,391
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		27,202	25,614
TAXATION			
Corporation tax paid		-366,355	-274,807
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		-59,177	-50,615
Receipts from sale of tangible fixed assets		2,750	9,067
EQUITY DIVIDENDS PAID		0	-2,800,000
FINANCING			
Loan repaid to (received from) directors		-10,000	1,400,000
DECREASE IN CASH	15	<u>-413,012</u>	<u>-1,964,132</u>
		=====	=====

## A & A ELECTRICAL DISTRIBUTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

#### 1 ACCOUNTING POLICIES

##### ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention

##### TURNOVER

Turnover represents net invoiced sales of goods, excluding value added tax

##### TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

##### FIXED ASSET INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment

##### STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

##### DEFERRED TAXATION

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

##### CONTRIBUTIONS TO QUALIFYING EMPLOYEE SHARE OWNERSHIP TRUST (QUEST) AND SHARE INCENTIVE PLAN (SIP)

In accordance with UITF 38 contributions to the QUEST and SIP are not recognised in the profit and loss account until such time as the shares vest unconditionally with the employees. Until that time the employee share ownership plan trust's investment in the shares of the holding company are shown as an investment

## A & A ELECTRICAL DISTRIBUTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

#### 1 ACCOUNTING POLICIES

##### SHARE BASED PAYMENTS

On 23 October 2009 the trustees of the SIP granted 19,204 "A" ordinary shares of £0.01 each held by the SIP to the employees of the company. These shares have a vesting period of five years. During this time, in accordance with FRS 20, the value determined at the grant date of the shares is expensed on a straight-line basis to the profit and loss account over the vesting period based on the company's estimate of shares that will eventually vest.

The value is calculated using a generally accepted valuation methodology allowing for the lack of an observable market price as the company is an unlisted limited company.

##### EMPLOYEE BENEFIT TRUST (EBT)

The company has an Employee Benefit Trust (EBT) for the benefit of certain employees. In accordance with UITF 32, until such time as the assets of the EBT vest unconditionally with the employees, the assets and liabilities of the EBT are included within the relevant assets and liabilities of the company.

##### EMPLOYER FINANCED RETIREMENT BENEFIT SCHEMES (EFRBS)

During the year the company established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The A & A Electrical Distributors Ltd 2011 EFRBS ("the Scheme").

In accordance with UITF Abstract 32, "Employee Benefit Trusts and other intermediate payment arrangements", the company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.

##### HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

##### PENSION SCHEMES

The company has defined contributions executive pension schemes for the directors and premiums are charged to profit and loss account when payable.

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
<b>2 OPERATING PROFIT</b>		
The operating profit is stated after charging		
Other operating leases	200,000	200,000
Depreciation - owned assets	41,885	37,263
Loss on disposal of fixed assets	675	7,058
Auditors' remuneration	18,000	17,500
Share based payments	12,060	12,060
Employer financed retirement benefit scheme contribution	1,505,000	0
	=====	=====
<b>DIRECTORS AND EMPLOYEES</b>		
Directors' emoluments	182,328	682,450
Other salaries	1,499,312	1,562,546
Social security costs	171,082	236,035
	-----	-----
	1,852,722	2,481,031
	=====	=====
Emoluments of the highest paid director	91,164	341,225
	=====	=====
Benefits under the company's pension scheme are accruing to both directors but no contributions were paid during the year		
The average number of employees during the year was		
Administration	17	16
Selling and distribution	46	45
Purchasing	5	5
	-----	-----
	68	66
	=====	=====

Amounts allocated to multi-beneficiary sub-trusts cannot be included within the aggregate amount of directors' remuneration disclosed in the operating profit note to the accounts because they have not been earmarked. Only where the funds have been allocated (i.e. Where the recipient of the Deed of Covenant is a sub-trust for a specific director) can the amounts involved be included in the total of directors' remuneration of the highest paid director.

During the year the company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the company's officers, employees and their wider families, The A & A Electrical Distributors Ltd 2011 EFRBS ("the Scheme"). The Scheme contributions made during the year amounted to £1,485,050. Because the value created in the Scheme is held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figure above and the remuneration of the highest paid director.

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
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### 3 TAXATION

The tax charge on the profit on ordinary activities was as follows

UK corporation tax	33,538	366,355
Deferred tax charge current year	15,434	-10,400
Deferred tax charge tax rate change	-144	0
	<u>48,828</u>	<u>355,955</u>

The deferred tax charge current year includes a credit of £3,377 (2010 £3,377) in respect of the share based payment charge

### 4 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Total £
<b>COST</b>			
At 1 November 2010	265,468	189,726	455,194
Additions		59,177	59,177
Disposals		-14,436	-14,436
At 31 October 2011	<u>265,468</u>	<u>234,467</u>	<u>499,935</u>
<b>DEPRECIATION</b>			
At 1 November 2010	221,185	122,219	343,404
Adjustment re disposals		-11,011	-11,011
Charge for the year	11,071	30,814	41,885
At 31 October 2011	<u>232,256</u>	<u>142,022</u>	<u>374,278</u>
<b>NET BOOK VALUES</b>			
At 31 October 2011	<u>33,212</u>	<u>92,445</u>	<u>125,657</u>
At 1 November 2010	<u>44,283</u>	<u>67,507</u>	<u>111,790</u>

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

### 5 FIXED ASSET INVESTMENTS

#### QUEST AND SIP's HOLDINGS IN PARENT COMPANY SHARES

	Shares held in trust Number	Nominal value £	Cost £
At 1 November 2010	691,668	6,916	13,123,397
Shares purchased	0	0	0
Awarded by the QUEST/SIP	0	0	0
Amounts written off	0	0	-50,043
At 31 October 2011	691,668	6,916	13,073,354
Held in QUEST	57,936	579	2,665,966
SIP	633,732	6,337	10,407,388
	691,668	6,916	13,073,354

The A & A 2000 Limited Qualifying Employee Share Ownership Trust (QUEST) was established to hold shares for the benefit of employees generally. The aim is the shares will be appropriated to employees on a long term basis when the founder shareholders retire or the business is sold.

The A & A 2000 Limited Share Incentive Plan (SIP) was established to purchase shares for the benefit of employees. On 23 October 2009 shares were awarded as disclosed in note 13.

The value of the shares at the grant date was £60,301. As A & A 2000 Limited is a private company there is no observable market price for the shares granted. Therefore, the value of the shares was measured using generally accepted valuation methodology which allowed for this.

	2011 £	2010 £
6 STOCKS		
Finished goods	513,286	545,379

### 7 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade debtors	2,773,450	2,595,735
Other debtors	1,056,180	555,725
Amount due from related parties	101,556	92,086
Prepayments	55,417	21,157
	3,986,603	3,264,703

During the year the company made a contribution to the Company's Employee Benefit Trust (EBT) of £500,405 (2010 £554,425). At the year end the EBT has advanced loans of £1,054,830 (2010 £554,425) which are included within other debtors above.

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
<b>8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	1,703,388	1,365,592
Amount due to related party	0	22,654
Directors' current account	2,259,314	2,269,314
Amount due to holding company	1,570,724	1,570,724
Corporation tax	33,538	366,355
Other taxes and social security costs	392,095	346,511
Accruals	804,567	676,986
	<u>6,763,626</u>	<u>6,618,136</u>
	=====	=====

## 9 DEFERRED TAX

Deferred tax has been fully provided in respect of timing differences as follows

At 1 November 2010	3,655,804	3,680,216
Provision for the year	15,290	-10,400
Deferred tax on amounts written off SIP's holding in parent company shares	-14,012	-14,012
	<u>3,657,082</u>	<u>3,655,804</u>
	=====	=====
At 31 October 2011		

## 10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid 100 ordinary shares of £1 each	100	100
	=====	=====

## 11 RESERVES

	Share based payment reserve £	Profit and loss account £
At 1 November 2010	24,120	9,587,974
Profit for the year		117,822
Amounts written off SIP's holding in parent company shares		-50,043
Deferred tax on amounts written off SIP's holding in parent company shares		14,012
Movement on share based payment reserve	12,060	
	<u>36,180</u>	<u>9,669,765</u>
	=====	=====
At 31 October 2011		



# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
<b>12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
At 1 November 2010	9,612,194	11,509,382
Profit for the year	117,822	926,783
Dividends	0	-2,800,000
Amounts written off SIP's holding in parent company shares	-50,043	-50,043
Deferred tax on amounts written off SIP's holding in parent company shares	14,012	14,012
Movement on share based payment reserve	12,060	12,060
	-----	-----
At 31 October 2011	9,706,045	9,612,194
	=====	=====

## 13 SHARE BASED PAYMENTS

The A & A 2000 Limited Share Incentive Plan (SIP) was established to reward employees with shares in the parent company

On 23 October 2009 19,204 "A" ordinary shares of £0.01 each were awarded to the employees. The terms of the award are as follows:

- (a) The shares were awarded to any employee who had been employed by A & A Electrical Distributors Limited for 18 months
- (b) The shares were awarded to 58 employees in total
- (c) The vesting period is five years
- (d) The employee will lose their shares if they cease to be in Relevant Employment within three years from the date of the award, unless the employment ceased for one of the following reasons:
  - 1 injury or disability,
  - 2 redundancy,
  - 3 transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 1981 apply,
  - 4 change of control or other circumstances ending the associated company status of the employer company,
  - 5 retirement on or after reaching Retirement Age,
  - 6 death

In accordance with FRS20, the value of the shares is expensed through the profit and loss account over the vesting period of five years. £12,060 was charged to the profit and loss account in the current year.

# A & A ELECTRICAL DISTRIBUTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

### 14 RELATED PARTY TRANSACTIONS

During the year the company received revenue income amounting to £150,401 (2010 £103,643) and incurred revenue expenditure amounting to £0 (2010 £479,660) with Digital Lift Controls Limited, a company in which the directors have material interests. The total amount due to that company at the end of the year was £0 (2010 £22,654) and due from that company was £101,556 (2010 £92,086).

The company leases its premises from its self administered pension scheme paying rent of £200,000 per annum. The lease expires in January 2021.

During the year the holding company had loaned to the company £0 (2010 £0). The total amount owed to it at the end of the year was £1,570,724 (2010 £1,570,724) which is interest free and repayable on demand.

During the year the directors were repaid monies by the company of £10,000 (2010 loaned £1,400,000). The loans carry interest at 19% per annum, and are repayable on demand. The total amount owed to them at the end of the year was £3,010,345 (2010 £2,589,650).

An EFRBS is included within the FRS 8 definition of a related party. Whilst we would not consider any contributions would need to be disclosed as related party transactions, having been disclosed in the operating profit note and, where appropriate, in the directors' remuneration note, we would expect transactions such as renting a property from the EFRBS etc. to be disclosed here.

### 15 CASH FLOW STATEMENT

	2011 £	2010 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	139,448	1,257,124
Share based payment charge	12,060	12,060
Depreciation	41,885	37,263
Loss on disposal of fixed assets	675	7,058
Decrease in stocks	32,093	16,513
Increase in debtors	-721,900	-347,506
Increase in creditors	488,307	-1,255,903
	-----	-----
Net cash inflow from operating activities	-7,432	-273,391
	=====	=====
<b>Analysis of changes in net funds</b>		
Cash at bank at 1 November 2010	2,840,865	4,804,997
Decrease in cash in the year	-413,012	-1,964,132
	-----	-----
Cash at bank at 31 October 2010	2,427,853	2,840,865
	=====	=====

## A & A ELECTRICAL DISTRIBUTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

#### 16 OPERATING LEASES

Amounts due within one year under leases which  
expire within five years

200,000	200,000
=====	=====

#### 17 ULTIMATE HOLDING COMPANY

The ultimate holding company is A & A 2000 Limited

#### 18 CONTINGENT LIABILITIES

On 27 January 2010 H M Revenue & Customs issued a 'Notice of Regulation 80 Determination' assessing an amount of £3,373,500 in unpaid PAYE and National Insurance Contributions relating to the four years ended 5 April 2007. On 21 March 2011 H M Revenue & Customs issued a further 'Notice of Regulation 80 Determination' assessing an amount of £1,453,266 relating to the year ended 5 April 2008. This determination was issued as a result of an ongoing enquiry into payments made to the Qualifying Employee Share Ownership Trust (QUEST) that was established in 2002 and the Share Incentive Plan (SIP) that was set up in 2004 and is based on the valuation of the shares purchased by the QUEST/SIP.

The determinations have been appealed as the company's legal counsel on this matter believes that the operation of the QUEST and SIP is within statutory and regulatory rules and that the enquiry should be settled with no cost to the company.

Should the enquiry not be settled in the company's favour, the above amount, plus interest, would become payable. Corporation tax relief would be available on any payment, which would reduce the impact on the profit and loss reserves.