

Company Registration No. 01727326 (England and Wales)

A & A ELECTRICAL DISTRIBUTORS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016



A & A ELECTRICAL DISTRIBUTORS LIMITED

COMPANY INFORMATION

Directors Mr A M Warren
Mrs A K Warren

Secretary Mrs A K Warren

Company number 01727326

Registered office Crown House
151 High Road
Loughton
Essex
IG10 4LG

Auditor Alwyns LLP
Crown House
151 High Road
Loughton
Essex
IG10 4LG

A & A ELECTRICAL DISTRIBUTORS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 20

A & A ELECTRICAL DISTRIBUTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The Directors present the Annual Report for the year ended 31 October 2016.

Fair review of the business

During the year, turnover decreased to £11,409,467 (2015 - £12,008,895). This performance was achieved in a highly competitive market where the directors feel that the reputation for quality and service engendered by the company has helped to retain existing customers and attract new business.

The directors consider that the overall financial performance has been satisfactory given current market conditions.

The core business remains stable and the directors consider that the on-going development of new products and markets will lead to future revenue growth. In addition, the focus on research and development will leave the company well placed to meet the future needs of its customers and continue to evolve.

Principal risks and uncertainties

The directors continually monitor the key risks facing the company.

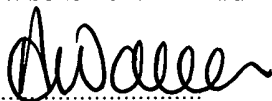
At the present time the directors believe that the key risks facing the business relate to the current economic situation, retention of key staff, competitiveness in the sector and the development of new and exciting new products.

The company continues to develop and sell a wide range of electrical products to an established customer base. It enjoys long standing relationships with both customers and suppliers, as well as having an experienced and knowledgeable workforce. It continues to expand its customer base, research and develop new products, and modernise its distribution and management processes.

Key performance indicators

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, profit and cash reserves. The key non-financial performance indicators continue to be customer gains and retention.

On behalf of the board



Mrs A K Warren

Director

13 July 2017

A & A ELECTRICAL DISTRIBUTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company continued to be that of electrical component distributors.

Directors

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

Mr A M Warren

Mrs A K Warren

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £160,000. The directors do not recommend payment of a final dividend.

Financial instruments

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

The auditor, Alwyns LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

A & A ELECTRICAL DISTRIBUTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

Statement of directors' responsibilities

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

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

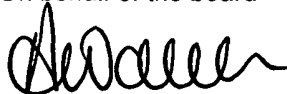
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mrs A K Warren

Director

13 July 2017

A & A ELECTRICAL DISTRIBUTORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A & A ELECTRICAL DISTRIBUTORS LIMITED

We have audited the financial statements of A & A Electrical Distributors Limited for the year ended 31 October 2016 set out on pages 6 to 20. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

A & A ELECTRICAL DISTRIBUTORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alwyns LLP

David Stanley (Senior Statutory Auditor)
for and on behalf of Alwyns LLP

13 July 2017

Chartered Accountants
Statutory Auditor

Crown House
151 High Road
Loughton
Essex
IG10 4LG

A & A ELECTRICAL DISTRIBUTORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover	3	11,409,467	12,008,895
Cost of sales		(6,462,471)	(6,826,817)
Gross profit		4,946,996	5,182,078
Administrative expenses		(1,697,075)	(2,378,199)
Operating profit	4	3,249,921	2,803,879
Interest receivable and similar income	7	16,100	5,191
Profit before taxation		3,266,021	2,809,070
Taxation	8	2,549,388	(64,506)
Profit for the financial year and total comprehensive income		5,815,409	2,744,564

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

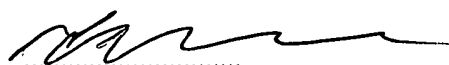
A & A ELECTRICAL DISTRIBUTORS LIMITED

BALANCE SHEET


AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10		121,576		120,417
Equity Investments	11		803,000		13,326,268
			<u>924,576</u>		<u>13,446,685</u>
Current assets					
Stocks	13	673,524		544,503	
Debtors	14	3,631,257		3,610,576	
Cash at bank and in hand		5,215,800		5,837,470	
		<u>9,520,581</u>		<u>9,992,549</u>	
Creditors: amounts falling due within one year	15	(3,945,508)		(7,070,749)	
Net current assets			<u>5,575,073</u>		<u>2,921,800</u>
Total assets less current liabilities			<u>6,499,649</u>		<u>16,368,485</u>
Provisions for liabilities	16		(8,506)		(2,559,483)
Net assets			<u><u>6,491,143</u></u>		<u><u>13,809,002</u></u>
Capital and reserves					
Called up share capital	18		100		100
Other reserves			-		60,300
Profit and loss reserves			<u>6,491,043</u>		<u>13,748,602</u>
Total equity			<u><u>6,491,143</u></u>		<u><u>13,809,002</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 July 2017 and are signed on its behalf by:



Mr A M Warren
Director



Mrs A K Warren
Director

Company Registration No. 01727326

A & A ELECTRICAL DISTRIBUTORS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 November 2014		100	60,300	11,004,038	11,064,438
Year ended 31 October 2015:					
Profit and total comprehensive income for the year		-	-	2,744,564	2,744,564
Balance at 31 October 2015		100	60,300	13,748,602	13,809,002
Year ended 31 October 2016:					
Profit and total comprehensive income for the year		-	-	5,815,409	5,815,409
Dividends	9	-	-	(160,000)	(160,000)
Other	11	-	(60,300)	(12,912,968)	(12,973,268)
Balance at 31 October 2016		100	-	6,491,043	6,491,143

A & A ELECTRICAL DISTRIBUTORS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	22	53,503		2,407,421	
Income taxes paid		(39,589)		(35,000)	
Net cash inflow from operating activities		<u>13,914</u>		<u>2,372,421</u>	
Investing activities					
Purchase of tangible fixed assets		(41,684)		(23,755)	
Purchase of equity investments		(450,000)		(353,000)	
Interest received		<u>16,100</u>		<u>5,191</u>	
Net cash used in investing activities		<u>(475,584)</u>		<u>(371,564)</u>	
Financing activities					
Dividends paid		<u>(160,000)</u>		<u>-</u>	
Net cash used in financing activities		<u>(160,000)</u>		<u>-</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(621,670)</u>		<u>2,000,857</u>	
Cash and cash equivalents at beginning of year		<u>5,837,470</u>		<u>3,836,613</u>	
Cash and cash equivalents at end of year		<u><u>5,215,800</u></u>		<u><u>5,837,470</u></u>	

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

Company information

A & A Electrical Distributors Limited is a private company limited by shares incorporated in England and Wales. The registered office is Crown House, 151 High Road, Loughton, Essex, IG10 4LG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

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

1.4 Tangible fixed assets

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

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

A financial asset held as an equity instrument is recognised initially at the transaction price (including transaction costs).

At the end of each reporting period, unlisted equity investments are recorded at fair value, where appropriate, or at cost less impairment if their fair value cannot be reliably measured. Objective evidence of the impairment of financial assets is assessed at each period end and any impairment loss recognised in the profit or loss immediately. Impairment loss is calculated as the difference between the carrying amount of the instrument and the best estimate of the cash flows expected to be derived from the asset (including sales proceeds if sold) at the balance sheet date.

Investment income is recognised in the financial statements when the company becomes entitled to its share of profits from the financial instrument.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

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

1.12 Leases

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

1.13 Contributions to Qualifying Employee Share Ownership Trust (QUEST) and Share Incentive Plan

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 investment in the shares of the holding company are shown as an investment.

1.14 Employee Benefit Trust

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.

1.15 Employer Financed Retirement Benefit Scheme (EFRBS)

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.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	11,000	10,800
Depreciation of owned tangible fixed assets	40,525	21,675
Cost of stocks recognised as an expense	6,220,577	6,591,164
Operating lease charges	259,880	245,972
	<u> </u>	<u> </u>

5 Employees

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

	2016 Number	2015 Number
Administration	15	16
Selling and distribution	39	40
Purchasing	4	4
	<u> </u>	<u> </u>
	58	60
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,338,269	1,380,836
Social security costs	121,959	124,002
	<u> </u>	<u> </u>
	1,460,228	1,504,838
	<u> </u>	<u> </u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	15,888	16,452
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	16,100	5,191
	<u> </u>	<u> </u>

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

(Continued)

7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	16,100	5,191
--	--------	-------

8 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	18,000	56,000
Adjustments in respect of prior periods	(16,411)	-
Total current tax	1,589	56,000
Deferred tax		
Origination and reversal of timing differences	-	8,506
Deferred tax on share-based payments charge	(2,550,977)	-
Total deferred tax	(2,550,977)	8,506
Total tax (credit)/charge	(2,549,388)	64,506

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	3,266,021	2,809,070
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	653,204	561,814
Tax effect of expenses that are not deductible in determining taxable profit	2,874	3,032
Tax effect of utilisation of tax losses not previously recognised	(638,289)	(499,000)
Permanent capital allowances in excess of depreciation	(2,726)	(7,606)
Depreciation on assets not qualifying for tax allowances	3,204	4,335
Research and development tax credit	(8,419)	-
Deferred tax adjustments in respect of prior years	(2,550,977)	8,506
Other tax adjustments	(8,259)	(6,575)
Taxation (credit)/charge for the year	(2,549,388)	64,506

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

9 Dividends

	2016 £	2015 £
Interim paid	160,000	-

10 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 November 2015	251,651	253,267	504,918
Additions	9,334	32,350	41,684
At 31 October 2016	260,985	285,617	546,602
Depreciation and impairment			
At 1 November 2015	228,645	155,856	384,501
Depreciation charged in the year	8,085	32,440	40,525
At 31 October 2016	236,730	188,296	425,026
Carrying amount			
At 31 October 2016	24,255	97,321	121,576
At 31 October 2015	23,006	97,411	120,417

11 Equity investments

	2016 £	2015 £
Unlisted investments	-	12,973,268
Other investments	803,000	353,000
	803,000	13,326,268

During the year, the employee share schemes which owned shares in the parent company and included The A & A 2000 Limited Qualifying Employee Share Ownership Trust (QUEST) and The A & A 2000 Limited Share Incentive Plan (SIP) were fully dissolved.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

11	Equity investments	(Continued)		
	Movements in equity investments			
		Share plans	Other	Total
		£	£	£
	Cost or valuation			
	At 1 November 2015	12,973,268	353,000	13,326,268
	Additions	-	450,000	450,000
	Disposals	(12,973,268)	-	(12,973,268)
	At 31 October 2016	-	803,000	803,000
	Carrying amount			
	At 31 October 2016	-	803,000	803,000
	At 31 October 2015	12,973,268	353,000	13,326,268
12	Financial instruments		2016	2015
			£	£
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		3,519,836	3,537,229
	Equity instruments measured at cost less impairment		803,000	13,326,268
	Carrying amount of financial liabilities			
	Measured at amortised cost		3,589,546	6,654,001
13	Stocks		2016	2015
			£	£
	Finished goods and goods for resale		673,524	544,503
14	Debtors		2016	2015
			£	£
	Amounts falling due within one year:			
	Trade debtors		2,448,637	2,473,819
	Other debtors		1,071,199	1,063,410
	Prepayments and accrued income		111,421	73,347
			3,631,257	3,610,576

At the year end the EBT has advanced loans of £1,054,830 (2015: £1,054,830) which are included within other debtors above.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,130,868	1,964,749
Amounts due to group undertakings	1,585,156	1,570,724
Corporation tax	19,000	57,000
Other taxation and social security	336,962	359,748
Other creditors	815,000	3,068,651
Accruals and deferred income	58,522	49,877
	<u>3,945,508</u>	<u>7,070,749</u>

16 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	17	8,506	2,559,483
		<u>8,506</u>	<u>2,559,483</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	8,506	8,506
Share based payments	-	2,550,977
	<u>8,506</u>	<u>2,559,483</u>
Movements in the year:		2016 £
Liability at 1 November 2015		2,559,483
Credit to profit or loss		(2,550,977)
Liability at 31 October 2016		<u>8,506</u>

The deferred tax liability set out above is expected to reverse within 3 years and relates to accelerated capital allowances that are expected to mature within the same period.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100 ordinary shares of £1 each	100	100

19 Operating lease commitments

Lessee

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

	2016 £	2015 £
Within one year	200,000	200,000

20 Related party transactions

The company is a wholly-owned member of A&A 2000 Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with the parent company.

At the year end the company owed the holding company £1,585,156 (2015: £1,570,724). The loan is interest free, under no formal terms and is repayable on demand.

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

At the year end the company owed the directors £800,960 (2015: £3,054,611).

21 Controlling party

The immediate and ultimate parent company is A&A 2000 Limited and its registered office is 3rd Floor, Crown House, 151 High Road, Loughton, Essex, IG10 4LG.

The directors are the ultimate controlling parties by virtue of their shareholding in the parent company.

A & A ELECTRICAL DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

22 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	5,815,409	2,744,564
Adjustments for:		
Taxation (credited)/charged	(2,549,388)	64,506
Investment income	(16,100)	(5,191)
Depreciation and impairment of tangible fixed assets	40,525	21,675
Movements in working capital:		
(Increase) in stocks	(129,021)	(51,149)
(Increase)/decrease in debtors	(20,681)	240,166
(Decrease) in creditors	(3,087,241)	(607,150)
Cash generated from operations	<u>53,503</u>	<u>2,407,421</u>