
AAP Holdings Limited
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
30 June 2011



AAP Holdings Limited

FINANCIAL STATEMENTS

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report to the members	5
Consolidated Profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the financial statements	9

AAP Holdings Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr A R Mayo
Mr A Hawkins

SECRETARY

Mr A Hawkins

REGISTERED OFFICE

18 Tower Road
Glover West Industrial Estate
District 11
Washington
Tyne & Wear
NE37 2SH

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

BANKERS

National Westminster Bank plc
Fawcett Street
Sunderland
Tyne & Wear
SR1 1SB

AAP Holdings Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of AAP Holdings Limited for the year ended 30 June 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the manufacture, supply and installation of electrical switchgear and control panels

REVIEW OF THE BUSINESS

Financial

Through a very determined effort by everyone within the company we increased our turnover in a very difficult market by more than 15%, although the profit margin was well below the expected target, this was caused by bad debt that was outside our insured client cover

People

With the help of our external HR consultants we have now implemented a complete policy review of our training requirements and have set up procedures with new dedicated training personnel to target areas for improvement. All staff are now having appraisals to help us meet the company's and also the individuals' targets and goals

Customers

As the construction industry has been severely affected by the recession we are working closely with our larger clients in setting up partnering and framework agreements which benefits both parties and helps us sustain our market share

Future

We will be expanding our market share within the water industry business during the next twelve months as we move on to the next ten year framework agreement with Northumbrian Water Limited. We are now one of the established manufacturers of 'Off Site Built Products' which are becoming very important in saving costs on-site for all the major construction companies

Environment

As sustainability becomes very important within the construction sector we are working closely with our customers on controlling all waste streams involved in the manufacture, supply and installation of all our product ranges

Risks

As the United Kingdom construction industry is declining rapidly the switchgear industry is reducing with it, so it is important that we get long term agreements set up on turnover targets to ensure we sustain our market share and also to meet our business objectives. As the market contracts it is imperative that we improve our internal efficiency to help us maintain our profit targets

Results & Dividends

The profit for the year was reduced by bad debt from an uninsured client. Such organisations are a usually a very small part of our client base but on this occasion it was a client which we were negated to by a consultant. All future such contracts will be on a pro forma base only

Particulars of dividends paid can be found in note 9 to the financial statements

AAP Holdings Limited

DIRECTORS' REPORT

DIRECTORS

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

Mr A R Mayo
Mr A Hawkins

DONATIONS

During the year the company made the following contributions

	2011	2010
	£	£
Charitable donations	<u>4,483</u>	<u>1,765</u>

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006.

On behalf of the board



Mr A Hawkins
Director

10 April 2012

AAP Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 group and the company and of the profit or loss for the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AAP HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 18. 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 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 more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the group's 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 matters prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



GARRY ELLIOTT (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

10 April 2012

AAP Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2011

		2011	2010
	<i>Notes</i>	£	£
TURNOVER	2	7,635,850	6,573,837
Cost of sales		6,378,610	5,233,829
Gross profit		1,257,240	1,340,008
Administrative expenses		1,242,041	1,195,463
Other operating income	3	-	(1,909)
OPERATING PROFIT	4	15,199	146,454
Interest payable and similar charges	7	3,821	966
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,378	145,488
Taxation	8	9,819	37,710
PROFIT FOR THE FINANCIAL YEAR		1,559	107,778

The operating profit for the year arises from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

AAP Holdings Limited

Company number 03231067

BALANCE SHEETS

30 June 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
FIXED ASSETS					
Tangible assets	10	86,670	59,744	-	-
Investments	11	-	-	3,600	3,600
		<u>86,670</u>	<u>59,744</u>	<u>3,600</u>	<u>3,600</u>
CURRENT ASSETS					
Stocks	12	323,572	297,918	-	-
Debtors	13	2,265,706	1,554,369	10	10
Cash at bank and in hand		67,965	352,188	-	-
		<u>2,657,243</u>	<u>2,204,475</u>	<u>10</u>	<u>10</u>
CREDITORS					
Amounts falling due within one year	14	2,019,986	1,450,571	-	-
NET CURRENT ASSETS		<u>637,257</u>	<u>753,904</u>	<u>10</u>	<u>10</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>723,927</u>	<u>813,648</u>	<u>3,610</u>	<u>3,610</u>
CREDITORS					
Amounts falling due after more than one year	15	48,803	20,743	-	-
Deferred taxation	16	2,660	-	-	-
		<u>672,464</u>	<u>792,905</u>	<u>3,610</u>	<u>3,610</u>
CAPITAL AND RESERVES					
Called up share capital	20	360	360	360	360
Other reserves	21	3,240	3,240	3,240	3,240
Profit and loss account	22	668,864	789,305	10	10
SHAREHOLDERS' FUNDS	23	<u>672,464</u>	<u>792,905</u>	<u>3,610</u>	<u>3,610</u>

The financial statements on pages 6 to 18 were approved by the board of directors and authorised for issue on 10 April 2012 and are signed on its behalf by



Mr A R Mayo
Director

AAP Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2011

		2011 £	2010 £
Net cash flow from operating activities	Notes 24 a	(103,534)	165,746
Returns on investments and servicing of finance	24 b	(3,821)	(966)
Taxation	24 b	(37,416)	(58,016)
Capital expenditure and financial investment	24 b	(8,365)	2,279
		<u>(153,136)</u>	<u>109,043</u>
Equity dividends paid		(122,000)	(110,000)
NET CASH OUTFLOW BEFORE FINANCING		<u>(275,136)</u>	<u>(957)</u>
Financing	24 b	(9,087)	(15,740)
DECREASE IN CASH IN THE PERIOD		<u>(284,223)</u>	<u>(16,697)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS			
		2011 £	2010 £
Decrease in cash in the period		(284,223)	(16,697)
Cash outflow in respect of hire purchase		9,087	15,740
CHANGES IN NET FUNDS RESULTING FROM CASH FLOWS	24 c	(275,136)	(957)
New hire purchase		<u>(47,036)</u>	<u>(27,659)</u>
MOVEMENT IN NET FUNDS IN THE PERIOD		<u>(322,172)</u>	<u>(28,616)</u>
NET FUNDS AT START OF YEAR	24 c	321,970	350,586
NET (DEBT)/FUNDS AT END OF YEAR	24 c	<u>(202)</u>	<u>321,970</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The financial position of the group, its borrowings and liquidity position are detailed in the Consolidated Balance Sheet on page 7 and in the Consolidated Cash Flow Statement on page 8

The group has considerable financial resources together with long term relationships with a number of customers and suppliers. As a consequence, the directors believe that it is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of AAP Holdings Limited and its trading subsidiary undertaking Armah Switchgear Limited. The results of subsidiary are consolidated from the date at which control passed

No profit and loss account for AAP Holdings Limited has been presented as permitted by Section 408 of the Companies Act 2006

TURNOVER

The turnover shown in the profit and loss account represents amounts receivable during the year in respect of completed work, 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 Improvements	- over the term of the lease
Fixtures, Machinery & Equipment	- 15% - 33% straight line
Motor Vehicles	- 25% straight line

STOCKS

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

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses. No element of profit is included in the valuation of work in progress

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

1 ACCOUNTING POLICIES (*continued*)

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

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 the directors. The assets of the scheme are held separately from those of the company in a separately administered fund. The pension charge represents amounts payable by the company to the fund in respect of the year.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

FACTORED DEBTS

Amounts are advanced from the factoring company against which the book debts of the group are offset. Factoring charges are debited to the profit and loss account as incurred. Gross debts are passed to the factoring company are included in trade debtors and advances from the factoring company are included in other creditors due within one year.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover of the group is given below.

	2011	2010
	£	£
United Kingdom	<u>7,635,850</u>	<u>6,573,837</u>

3 OTHER OPERATING INCOME

	2011	2010
	£	£
Group		
Rent receivable	<u>-</u>	<u>1,909</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

4 OPERATING PROFIT

Group operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of owned fixed assets	8,580	18,169
Depreciation of assets held under hire purchase agreements	17,961	10,289
Profit on disposal of fixed assets	1,934	(4,325)
Auditor's remuneration - as auditor	13,000	13,000
- other services	7,960	4,534
Operating lease costs - land and buildings	72,500	72,500
Operating lease costs - plant and machinery	<u>2,288</u>	<u>3,341</u>

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2011	2010
	No	No
Number of production staff	40	38
Number of administrative staff	<u>20</u>	<u>25</u>
	<u>60</u>	<u>63</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	1,479,016	1,463,937
Social security costs	145,002	151,165
Other pension costs	<u>66,000</u>	<u>60,000</u>
	<u>1,690,018</u>	<u>1,675,102</u>

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services to the group were

	2011	2010
	£	£
Remuneration receivable	124,244	124,367
Value of group pension contributions to money purchase schemes	<u>66,000</u>	<u>60,000</u>
	<u>190,244</u>	<u>184,367</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
On hire purchase	<u>3,821</u>	<u>966</u>

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of group taxation charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	<u>7,159</u>	<u>37,710</u>
Total current tax	<u>7,159</u>	<u>37,710</u>
Deferred tax		
Origination and reversal of timing differences	<u>2,660</u>	<u>-</u>
Tax on profit on ordinary activities	<u>9,819</u>	<u>37,710</u>

(b) Factors affecting the group current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%), as explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>11,378</u>	<u>145,488</u>
Profit on ordinary activities by rate of tax	2,389	30,552
Effects of		
Expenses not deductible for tax purposes	11,554	8,775
Depreciation in excess of capital allowances for period	(6,784)	(1,911)
Adjustments to tax charge in respect of previous periods	-	294
Total current tax (note 8(a))	<u>7,159</u>	<u>37,710</u>

9 DIVIDENDS

	2011 £	2010 £
Equity dividends		
Paid by the company during the year		
Equity dividends on ordinary shares - £33 89 (2010 £36 56)	<u>122,000</u>	<u>110,000</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

10 TANGIBLE FIXED ASSETS

Group	Leasehold Property Improvements £	Fixtures, Machinery & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 July 2010	128,398	112,253	78,707	319,358
Additions	-	-	58,301	58,301
Disposals	-	-	(14,500)	(14,500)
At 30 June 2011	<u>128,398</u>	<u>112,253</u>	<u>122,508</u>	<u>363,159</u>
Depreciation				
At 1 July 2010	121,343	96,508	41,763	259,614
Charge for the year	2,926	5,666	17,949	26,541
On disposals	-	-	(9,666)	(9,666)
At 30 June 2011	<u>124,269</u>	<u>102,174</u>	<u>50,046</u>	<u>276,489</u>
Net book value				
At 30 June 2011	<u>4,129</u>	<u>10,079</u>	<u>72,462</u>	<u>86,670</u>
At 30 June 2010	<u>7,055</u>	<u>15,745</u>	<u>36,944</u>	<u>59,744</u>

Hire purchase agreements

Included within the net book value of £86,670 is £72,461 (2010 - £36,099) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,961 (2010 - £10,289).

11 INVESTMENTS

Company	Shares in group companies £
Cost	
At 1 July 2010 and 30 June 2011	<u>3,600</u>
Net book value	
At 1 July 2010 and 30 June 2011	<u>3,600</u>

The company owns 100% of the ordinary share capital of Armah Switchgear Limited, a company incorporated in the United Kingdom. The principal activity of that company is switchboard and control panel manufacture. Armah Switchgear Limited recorded a net profit of £1,559 for the year ended 30 June 2011 (2010: £107,778) and as at that date had aggregate capital and reserves of £672,454 (2010: £792,895).

The results of the trading subsidiary have been included in the consolidated financial statements due to it being controlled by the company by virtue of the above shareholding.

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

12 STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	64,875	69,182	-	-
Work in progress	258,697	228,736	-	-
	<u>323,572</u>	<u>297,918</u>	<u>-</u>	<u>-</u>

13 DEBTORS

	Group		Company	
	2011	2010	2011	2010
Trade debtors	2,240,750	1,493,653	-	-
Other debtors	24,956	60,716	-	-
Amounts owed by group undertakings	-	-	10	10
	<u>2,265,706</u>	<u>1,554,369</u>	<u>10</u>	<u>10</u>

Included in trade debtors is £1,295,161 (2010 - £1,456,730) which have been assigned to the factoring company

14 CREDITORS Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	1,807,611	1,275,591	-	-
Corporation tax	7,159	37,416	-	-
Other taxation and social security costs	151,247	100,737	-	-
Obligations under hire purchase agreements	19,364	9,475	-	-
Other creditors	17,855	5,626	-	-
Directors current accounts	1,500	7,222	-	-
Accruals and deferred income	15,250	14,504	-	-
	<u>2,019,986</u>	<u>1,450,571</u>	<u>-</u>	<u>-</u>

Included in other creditors is an amount owed to the factoring company of £10,808 (2010 - £167) These amounts are secured on the related debtors of the group

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Hire purchase agreements	19,364	9,475	-	-
Debt factoring	<u>10,808</u>	<u>167</u>	<u>-</u>	<u>-</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

15 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Obligations under hire purchase agreements	<u>48,803</u>	<u>20,743</u>	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the group

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Hire purchase agreements	<u>48,803</u>	<u>20,743</u>	<u>-</u>	<u>-</u>

16 DEFERRED TAXATION

The movement in the group deferred taxation provision during the year was

	2011	2010
	£	£
Profit and loss account movement arising during the year	<u>2,660</u>	<u>-</u>
Provision carried forward	<u>2,660</u>	<u>-</u>

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

	2011	2010
	£	£
Fixed asset timing differences	<u>2,660</u>	<u>-</u>
	<u>2,660</u>	<u>-</u>

17 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts payable within 1 year	19,364	9,475	-	-
Amounts payable between 2 to 5 years	<u>48,803</u>	<u>20,743</u>	<u>-</u>	<u>-</u>
	<u>68,167</u>	<u>30,218</u>	<u>-</u>	<u>-</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

18 COMMITMENTS UNDER OPERATING LEASES

The group had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within 2 to 5 years	72,500	2,288	72,500	3,341
	<u>72,500</u>	<u>2,288</u>	<u>72,500</u>	<u>3,341</u>

19 TRANSACTIONS WITH THE DIRECTORS

Mr A R Mayo and Mr A Hawkins, directors of the company and of its subsidiary operated a joint current account during the year. The balance owed to the directors by the subsidiary at the start of the year was £7,222 (2010 £1,222). During the year amounts totalling £5,722 were withdrawn (2010 £6,000 introduced) resulting in a balance owed to the directors by the subsidiary at the end of the year of £1,500.

Dividends amounting to £61,000 (2010 £55,000) were paid by the company to each of Mr A R Mayo and Mr A Hawkins during the year.

20 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
360 Ordinary shares of £1 each	<u>360</u>	<u>360</u>

21 OTHER RESERVES

	2011 £	2010 £
Capital redemption reserve	<u>3,240</u>	<u>3,240</u>

22 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Balance brought forward as previously reported	789,305	791,527	10	10
Retained profit for the financial year	1,559	107,778	122,000	110,000
Dividends	(122,000)	(110,000)	(122,000)	(110,000)
At 30 June 2011	<u>668,864</u>	<u>789,305</u>	<u>10</u>	<u>10</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Profit for the financial year	1,559	107,778	122,000	110,000
Dividends	(122,000)	(110,000)	(122,000)	(110,000)
Net reduction to shareholders' funds	(120,441)	(2,222)	-	-
Opening shareholders' funds	792,905	795,127	3,610	3,610
Closing shareholders' funds	672,464	792,905	3,610	3,610

24 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating profit	15,199	146,454
Depreciation	26,541	28,458
Loss/(profit) on disposal of fixed assets	1,934	(4,325)
(Increase)/decrease in stocks	(25,654)	166,688
(Increase)/decrease in debtors	(711,337)	202,880
Increase/(decrease) in creditors	589,783	(374,409)
Net cash (out)/inflow from operating activities	(103,534)	165,746

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2011	2010
	£	£
Interest element of hire purchase	(3,821)	(966)
Net cash outflow from returns on investments and servicing of finance	(3,821)	(966)

Taxation

	2011	2010
	£	£
Taxation	(37,416)	(58,016)

Capital expenditure

	2011	2010
	£	£
Payments to acquire tangible fixed assets	(11,265)	(7,721)
Receipts from sale of fixed assets	2,900	10,000
Net cash (out)/inflow from capital expenditure	(8,365)	2,279

Financing

	2011	2010
	£	£
Capital element of hire purchase	(9,087)	(15,740)
Net cash outflow from financing	(9,087)	(15,740)

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2011

c Analysis of net funds/(debt)

	At 1 Jul 2010	Cash flows	Other changes	At 30 Jun 2011
	£	£	£	£
Cash in hand and at bank	352,188	(284,223)	-	67,965
Hire purchase agreements	(30,218)	9,087	(47,036)	(68,167)
Total funds/(debt)	<u>321,970</u>	<u>(275,136)</u>	<u>(47,036)</u>	<u>(202)</u>

25 PROFIT OF PARENT COMPANY

During the year, the parent company AAP Holdings Limited recorded a net profit of £122,000 (2010 £110,000)

26 ULTIMATE CONTROLLING PARTY

The company and the group are under the ultimate control of Mr A R Mayo and Mr A Hawkins by virtue of their respective holdings of 50% of the issued share capital of AAP Holdings Limited