

AAP Holdings Limited
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
30 June 2012



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 2012

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

Financial

This has been a very difficult year for the construction industry during the ongoing recession, with margins squeezed and fewer projects getting the go-ahead, but we have maintained our market share and with efficiency drives now taking place through all departments we hope to see increases in margins and projects won

People

The continuing staff development program is now showing dividends with a steady stream of young estimators and engineers coming through to more senior levels, and the re-organization of the departments helping with the delivery of projects to customers. This has been acknowledged with a lot of customers commenting in writing about the quality of the people they have contact with and their level of performance

Customers

In a very competitive marketplace we have consolidated our relationships with our major clients through national agreements and are continuing to add a steady stream of new clients to replace those that we are losing through company closures

Future

With the continuing ongoing development of existing products and the progress in to the fast developing renewable energy sectors and refurbishment of old power stations, we are becoming one of the major market manufacturers which should give us a steady product stream over the next few years

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 manufacturer, supply and installation of all our product ranges

Risks

As the UK economy continues to decline the amount of construction and major infrastructure projects continue to decrease making it difficult to keep turnover at present levels and at existing margins. In this climate it is imperative that we control all internal costs and reduce all inefficiencies and waste and develop the business and products to keep us at the forefront of new technologies in the energy sectors

RESULTS AND DIVIDENDS

The reported loss for the year was very disappointing, but has certainly helped focus the business on all its internal costs and has seen a lot of departmental changes to ensure we control and improve all personal and product efficiencies to increase future gross margin

With set targets for improvements to achieve over the following year we expect to see a better return in the next financial year

Particulars of dividends paid are detailed in note 8 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

	2012	2011
	£	£
Charitable donations	<u>2,284</u>	<u>4,483</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

19 March 2013

AAP Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 2012 and of the group's loss 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

19/03/2013

AAP Holdings Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2012

		2012	2011
	<i>Notes</i>	£	£
TURNOVER	2	6,840,344	7,635,850
Cost of sales		(5,588,142)	(6,378,610)
Gross profit		1,252,202	1,257,240
Administrative expenses		(1,306,209)	(1,242,041)
OPERATING (LOSS)/PROFIT	3	(54,007)	15,199
Interest payable and similar charges	6	(3,453)	(3,821)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(57,460)	11,378
Taxation	7	2,307	(9,819)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	21	(55,153)	1,559

The (loss)/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

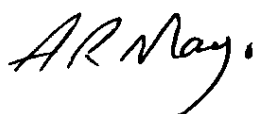
Company number 03231067

BALANCE SHEETS

30 June 2012

	Notes	Group 2012 £	2011 £	Company 2012 £	2011 £
FIXED ASSETS					
Tangible assets	9	155,864	86,670	-	-
Investments	10	-	-	3,600	3,600
		<u>155,864</u>	<u>86,670</u>	<u>3,600</u>	<u>3,600</u>
CURRENT ASSETS					
Stocks	11	413,931	323,572	-	-
Debtors	12	1,503,502	2,265,706	10	10
Cash at bank and in hand		504,512	67,965	-	-
		<u>2,421,945</u>	<u>2,657,243</u>	<u>10</u>	<u>10</u>
CREDITORS					
Amounts falling due within one year	13	2,021,413	2,019,986	-	-
NET CURRENT ASSETS		<u>400,532</u>	<u>637,257</u>	<u>10</u>	<u>10</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>556,396</u>	<u>723,927</u>	<u>3,610</u>	<u>3,610</u>
CREDITORS					
Amounts falling due after more than one year	14	35,568	48,803	-	-
Deferred taxation	15	7,517	2,660	-	-
		<u>513,311</u>	<u>672,464</u>	<u>3,610</u>	<u>3,610</u>
CAPITAL AND RESERVES					
Called up share capital	19	360	360	360	360
Other reserves	20	3,240	3,240	3,240	3,240
Profit and loss account	21	509,711	668,864	10	10
SHAREHOLDERS' FUNDS	22	<u>513,311</u>	<u>672,464</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 19 March 2013 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 2012

		2012	2011
	<i>Notes</i>	£	£
Net cash flow from operating activities	23 a	656,956	(103,534)
Returns on investments and servicing of finance	23 b	(3,448)	(3,821)
Taxation	23 b	(7,159)	(37,416)
Capital expenditure and financial investment	23 b	(85,833)	(8,365)
		<u>560,516</u>	<u>(153,136)</u>
Equity dividends paid		(104,000)	(122,000)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>456,516</u>	<u>(275,136)</u>
Financing	23 b	(19,969)	(9,087)
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>436,547</u>	<u>(284,223)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS			
		2012	2011
		£	£
Increase/(decrease) in cash in the period		436,547	(284,223)
Cash outflow in respect of hire purchase		19,969	9,087
CHANGES IN NET FUNDS RESULTING FROM CASH FLOWS	23 c	456,516	(275,136)
New hire purchase		(12,000)	(47,036)
MOVEMENT IN NET FUNDS IN THE PERIOD		<u>444,516</u>	<u>(322,172)</u>
NET (DEBT)/FUNDS AT START OF YEAR	23 c	(202)	321,970
NET FUNDS/(DEBT) AT END OF YEAR	23 c	<u>444,314</u>	<u>(202)</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2012

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 Review of the Business 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

Leasenhoid 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 2012

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.

	2012	2011
	£	£
United Kingdom	<u>6,840,344</u>	<u>7,635,850</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

3 OPERATING PROFIT

Group operating profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	7,302	8,580
Depreciation of assets held under hire purchase agreements	21,337	17,961
Loss on disposal of fixed assets	-	1,934
Auditor's remuneration - as auditor	13,000	13,000
- other services	2,500	7,960
Operating lease costs - land and buildings	72,500	72,500
Operating lease costs - plant and machinery	3,335	3,306

4 PARTICULARS OF EMPLOYEES

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

	2012	2011
	No	No
Number of production staff	41	40
Number of administrative staff	21	20
	<u>62</u>	<u>60</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	1,609,806	1,479,016
Social security costs	139,984	145,002
Other pension costs	96,000	66,000
	<u>1,845,790</u>	<u>1,690,018</u>

5 DIRECTORS' REMUNERATION

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

	2012	2011
	£	£
Remuneration receivable	185,463	124,244
Value of group pension contributions to money purchase schemes	96,000	66,000
	<u>281,463</u>	<u>190,244</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>
Remuneration of highest paid director		
	2012	2011
	£	£
Total remuneration (excluding pension contributions)	93,317	62,375
Value of company pension contributions to money purchase schemes	48,000	33,000
	<u>141,317</u>	<u>95,375</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On finance leases	<u>3,453</u>	<u>3,821</u>

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of group taxation charge in the year

	2012 £	2011 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 20% (2011 - 21%)	(7,164)	7,159
Total current tax	<u>(7,164)</u>	<u>7,159</u>
Deferred tax		
Origination and reversal of timing differences	4,857	2,660
Tax on (loss)/profit on ordinary activities	<u>(2,307)</u>	<u>9,819</u>

(b) Factors affecting the group current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2011 - 21%), as explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	<u>(57,460)</u>	<u>11,378</u>
(Loss)/profit on ordinary activities by rate of tax	(11,492)	2,389
Effects of		
Expenses not deductible for tax purposes	7,421	11,554
Depreciation in excess of capital allowances for period	(10,457)	(6,784)
Adjustments to tax charge in respect of previous periods	(7,164)	-
Losses carried back	6,900	-
Unrelieved tax losses and other deductions arising in the period	7,628	-
Total current tax (note 7(a))	<u>(7,164)</u>	<u>7,159</u>

8 DIVIDENDS

	2012 £	2011 £
Equity dividends		
Paid by the company during the year		
Equity dividends on ordinary shares - £28 89 (2011 £33 89)	<u>104,000</u>	<u>122,000</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

9 TANGIBLE FIXED ASSETS

Group	Leasehold Property Improvements £	Fixtures, Machinery & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 July 2011	128,398	112,253	122,508	363,159
Additions	45,353	33,980	18,500	97,833
Disposals	—	—	(32,327)	(32,327)
At 30 June 2012	<u>173,751</u>	<u>146,233</u>	<u>108,681</u>	<u>428,665</u>
Depreciation				
At 1 July 2011	124,269	102,174	50,046	276,489
Charge for the year	4,466	2,836	21,337	28,639
On disposals	—	—	(32,327)	(32,327)
At 30 June 2012	<u>128,735</u>	<u>105,010</u>	<u>39,056</u>	<u>272,801</u>
Net book value				
At 30 June 2012	<u>45,016</u>	<u>41,223</u>	<u>69,625</u>	<u>155,864</u>
At 30 June 2011	<u>4,129</u>	<u>10,079</u>	<u>72,462</u>	<u>86,670</u>

Hire purchase agreements

Included within the net book value of £155,864 is £69,625 (2011 - £72,462) 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 £21,337 (2011 - £17,961).

10 INVESTMENTS

Company	Shares in group companies £
Cost	
At 1 July 2011 and 30 June 2012	<u>3,600</u>
Net book value	
At 1 July 2011 and 30 June 2012	<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 loss of £55,153 for the year ended 30 June 2012 (2011 - profit of £1,559) and as at that date had aggregate capital and reserves of £513,301 (2011 - £672,454).

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 2012

11 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Raw materials	71,152	64,875	-	-
Work in progress	342,779	258,697	-	-
	<u>413,931</u>	<u>323,572</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	Group		Company	
	2012	2011	2012	2011
Trade debtors	1,399,670	2,240,750	-	-
Corporation tax repayable	7,159	-	-	-
Other debtors	79,930	24,956	-	-
Directors current accounts	8,977	-	10	10
Prepayments and accrued income	7,766	-	-	-
	<u>1,503,502</u>	<u>2,265,706</u>	<u>10</u>	<u>10</u>

Included in trade debtors is £368,118 (2011 - £1,295,161) which have been assigned to the factoring company

Included in other debtors is an amount due from the factoring company of £48,479 On 30 June 2011 the company owed the factoring company £10,808 This was included in other creditors

13 CREDITORS Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	1,875,968	1,807,611	-	-
Corporation tax	-	7,159	-	-
Other taxation and social security costs	90,381	151,247	-	-
Obligations under hire purchase agreements	24,630	19,364	-	-
Other creditors	12,817	17,855	-	-
Directors current accounts	-	1,500	-	-
Accruals and deferred income	17,617	15,250	-	-
	<u>2,021,413</u>	<u>2,019,986</u>	<u>-</u>	<u>-</u>

Included in other creditors for the year ended 30 June 2011 is £10,808 owed to the factoring company On 30 June 2012 the factoring company owed the company £48,479 This is included in other debtors

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Obligations under hire purchase agreements	24,630	19,364	-	-
Debt factoring	-	10,808	-	-

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

14 CREDITORS Amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Obligations under hire purchase agreements	<u>35,568</u>	<u>48,803</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	
	2012	2011	2012	2011
	£	£	£	£
Obligations under hire purchase agreements	<u>35,568</u>	<u>48,803</u>	<u>-</u>	<u>-</u>

15 DEFERRED TAXATION

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

Group	2012	2011
	£	£
Provision brought forward	2,660	-
Profit and loss account movement arising during the year	<u>4,857</u>	<u>2,660</u>
Provision carried forward	<u>7,517</u>	<u>2,660</u>

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

	2012	2011
	£	£
Fixed asset timing differences	<u>7,517</u>	<u>2,660</u>
	<u>7,517</u>	<u>2,660</u>

16 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts payable within 1 year	24,630	19,364	-	-
Amounts payable between 2 to 5 years	<u>35,568</u>	<u>48,803</u>	<u>-</u>	<u>-</u>
	<u>60,198</u>	<u>68,167</u>	<u>-</u>	<u>-</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

17 COMMITMENTS UNDER OPERATING LEASES

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

	2012		2011	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within 1 year	24,167	-	-	-
Within 2 to 5 years	-	2,288	72,500	2,288
	<u>24,167</u>	<u>2,288</u>	<u>72,500</u>	<u>2,288</u>

18 TRANSACTIONS WITH THE DIRECTORS

The directors of the company and its subsidiary operated an interest free joint current account during the year. The amount owed to the directors by the subsidiary at the start of the year was £1,500. On 30 June 2012 the directors owed the subsidiary £8,977. This was also the maximum outstanding balance during the year.

Dividends amounting to £52,000 (2011: £61,000) were paid by the company to each of Mr A R Mayo and Mr A Hawkins during the year.

19 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
360 Ordinary shares of £1 each	<u>360</u>	<u>360</u>

20 OTHER RESERVES

	2012 £	2011 £
Capital redemption reserve	<u>3,240</u>	<u>3,240</u>

21 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
At start of year	668,864	789,305	10	10
Retained (loss)/profit for the financial year	(55,153)	1,559	104,000	122,000
Dividends	(104,000)	(122,000)	(104,000)	(122,000)
At end of year	<u>509,711</u>	<u>668,864</u>	<u>10</u>	<u>10</u>

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
(Loss)/profit for the financial year	(55,153)	1,559	104,000	122,000
Dividends	(104,000)	(122,000)	(104,000)	(122,000)
Net reduction to shareholders' funds	(159,153)	(120,441)	-	-
Opening shareholders' funds	672,464	792,905	3,610	3,610
Closing shareholders' funds	513,311	672,464	3,610	3,610

23 CASH FLOWS

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

	2012	2011
	£	£
Operating (loss)/profit	(54,007)	15,199
Depreciation	28,639	26,541
Loss on disposal of fixed assets	-	1,934
Increase in stocks	(90,359)	(25,654)
Decrease/(increase) in debtors	769,363	(711,337)
Increase in creditors	3,320	589,783
Net cash in/(outflow) from operating activities	656,956	(103,534)

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

Returns on investment and servicing of finance

	2012	2011
	£	£
Interest element of hire purchase	(3,448)	(3,821)
Net cash outflow from returns on investments and servicing of finance	(3,448)	(3,821)

Taxation

	2012	2011
	£	£
Taxation	(7,159)	(37,416)

Capital expenditure

	2012	2011
	£	£
Payments to acquire tangible fixed assets	(85,833)	(11,265)
Receipts from sale of fixed assets	-	2,900
Net cash outflow from capital expenditure	(85,833)	(8,365)

Financing

	2012	2011
	£	£
Capital element of hire purchase	(19,969)	(9,087)
Net cash outflow from financing	(19,969)	(9,087)

AAP Holdings Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2012

23 CASH FLOWS

c Analysis of net funds/(debt)

	At 1 Jul 2011	Cash flows	Other changes	At 30 Jun 2012
	£	£	£	£
Cash in hand and at bank	67,965	436,547	-	504,512
Hire purchase agreements	(68,167)	19,969	(12,000)	(60,198)
Total funds/(debt)	<u>(202)</u>	<u>456,516</u>	<u>(12,000)</u>	<u>444,314</u>

24 PROFIT OF PARENT COMPANY

During the year, the parent company AAP Holdings Limited recorded a net profit of £104,000 (2011 £122,000)

25 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