

AAP HOLDINGS LIMITED
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2015

WEDNESDAY



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AAP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr A Hawkins Mr A R Mayo
Secretary	Mr A Hawkins
Company number	03231067
Registered office	18 Tower Road Glover West Industrial Estate District 11 Washington Tyne & Wear NE37 2SH
Registered auditors	RSM UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
Bankers	National Westminster Bank plc Fawcett Street Sunderland Tyne & Wear SR1 1SB

AAP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present the strategic report and financial statements for the year ended 30 June 2015.

Review of the business

Financial

This financial year was disappointing mainly due to factors beyond our control with the construction industry suffering heavily and government spending reducing substantially through their austerity measures. Although the turnover reduced, the actual production hours won within these numbers increased, as a large portion of the work won involved a lot of free issue materials which thus affects the turnover figures.

People

The group is reaping the rewards of its long term planning in investing in its training plans as we see people getting promoted throughout the departments in to key roles, these personnel have started direct from educational institutions and have developed throughout their time within our organisation. We are now implementing our lean improvement plan which is working on the efficiency of all departments and how they interact.

Customers

During the last quarter of this financial year we changed our main sales representative and we are now seeing a large upturn in sales input that will see us easily surpass these figures in the next financial year and we are now winning business back from our old established client database as well as a lot of new business from clients we had not previously dealt with.

Future

As this report is written during the 2nd quarter of our next financial year we have seen a large growth in order input and we are now on target to have our highest sales figures in the group's 25 year history. The on-going investment in training and efficiency improvements is increasing our profitability and helping us achieve a greater output of production hours per month, this will help us attract more sales as we can improve delivery lead times.

Environment

The construction industry has taken on the role of sustainability in all parts of the building development and especially in the waste streams during construction and the transport logistics of product to site. We are working closely on how we reduce the waste by constructing as much as possible in the controlled environments of the factory assembly situation rather than the restricted space areas of site and how we reduce the amount of deliveries helping to reduce carbon footprints and ease traffic problems.

Risks

Again a lot of this year's turnover has been in renewables and that will continue in to the next financial year which is heavily reliant on government subsidies and world tariffs which then filter down to how many projects get to the construction stages so any change in these areas will quickly affect this part of the business, but as we as a country have some major sustainability targets to reach over the coming years this should not affect us in the short term. We are also trying to ensure that at least 50% of the business is from other markets to ensure we can maintain turnover and margins.

Results

Although the results are not what was expected at the start of the year we have maintained our client base and have set in place systems that were definitely improving the order input. We know what needs to be done to get back to the financial footprint we have always maintained previously and we are well on our way to achieving these goals. We expect to see a major improvement in the next financial results.

On behalf of the board



Mr A Hawkins

Director

16/11/15

AAP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report and financial statements for the year ended 30 June 2015.

Principal activities

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

Results and dividends

The group's trading profit for the year, after taxation, was £7,274 (2014 profit £242,809).

Particulars of dividends paid are detailed in note 9 to the financial statements.

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 Hawkins

Mr A R Mayo

Auditors

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



Mr A Hawkins

Director

16/11/15

AAP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The directors are responsible for preparing the Strategic Report, 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 company and of the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group 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 5 to 19. 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on 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 2015 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 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.

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.

RSM UK Audit LLP

Steven Cleugh (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
18/11/15

AAP HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Turnover	2	5,380,408	7,480,246
Cost of sales		(4,323,315)	(5,807,948)
Gross profit		1,057,093	1,672,298
Administrative expenses		(1,034,100)	(1,355,960)
Other operating income		760	590
Operating profit		23,753	316,928
Interest payable and similar charges	6	(2,686)	(3,087)
Profit on ordinary activities before taxation	3	21,067	313,841
Tax on profit on ordinary activities	7	(13,793)	(71,032)
Profit on ordinary activities after taxation	19	7,274	242,809

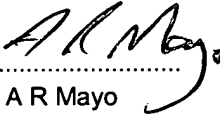
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AAP HOLDINGS LIMITED
BALANCE SHEETS
AS AT 30 JUNE 2015

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Fixed assets					
Tangible assets	10	139,641	158,830	-	-
Investments	11	-	-	3,600	3,600
		<u>139,641</u>	<u>158,830</u>	<u>3,600</u>	<u>3,600</u>
Current assets					
Stocks	12	239,659	324,557	-	-
Debtors	13	1,173,684	1,401,606	10	10
Cash at bank and in hand		515	369,265	-	-
		<u>1,413,858</u>	<u>2,095,428</u>	<u>10</u>	<u>10</u>
Creditors: amounts falling due within one year	14	(1,161,774)	(1,584,937)	-	-
Net current assets		<u>252,084</u>	<u>510,491</u>	<u>10</u>	<u>10</u>
Total assets less current liabilities		<u>391,725</u>	<u>669,321</u>	<u>3,610</u>	<u>3,610</u>
Creditors: amounts falling due after more than one year	15	(27,257)	(36,009)	-	-
Provisions for liabilities	16	(8,375)	(8,875)	-	-
Net assets		<u>356,093</u>	<u>624,437</u>	<u>3,610</u>	<u>3,610</u>
Capital and reserves					
Called up share capital	18	360	360	360	360
Other reserves	19	3,240	3,240	3,240	3,240
Profit and loss account	19	352,493	620,837	10	10
Shareholders' funds	20	<u>356,093</u>	<u>624,437</u>	<u>3,610</u>	<u>3,610</u>

The financial statements on pages 5 to 19 were approved by the Board of Directors and authorised for issue on 16.11.15 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 2015

	Notes	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	21	(59,363)	411,798
Returns from investment and servicing of finance	21	(2,686)	(3,087)
Taxation		(80,683)	(31,087)
Capital expenditure and financial investment	21	(20,802)	(16,134)
Equity dividends		(275,618)	(154,400)
Cash (outflow)/inflow before management of liquid resources and financing		(439,152)	207,090
Financing	21	(28,516)	(34,667)
(Decrease)/increase in cash in the year		(467,668)	172,423

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

(Decrease)/increase in cash in the year		(467,668)	172,423
Net cash inflow/(outflow) from movement in debt and lease financing		12,516	(16,953)
Change in net debt resulting from cash flows		(455,152)	155,470
Movement in net (debt)/funds in the year		(455,152)	155,470
Opening net (debt)/funds		303,753	148,283
Closing net (debt)/funds	21	(151,399)	303,753

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

Basis of accounting

The financial statements are 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 Matter of Strategic Importance on page 1. The financial position of the group, its borrowings and liquidity position are detailed in the Consolidated Balance Sheet on page 6 and in the Consolidated Cash Flow Statement on page 7.

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

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	over the term of the lease
Fixtures, machinery & equipment	15% - 33% straight line
Motor vehicles	25% straight line

Leasing and hire purchase commitments

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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies (Continued)

Stock and work in progress

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 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.

Pensions

The group operates a defined contribution pension scheme for the directors. The assets of the scheme are held separately from those of the group in a separately administered fund. The pension charge represents amounts payable by the group 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 group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised 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 substantively 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 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 total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

3	Profit on ordinary activities before taxation	2015 £	2014 £
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation of tangible fixed assets		
	- owned	34,502	39,691
	- held under finance leases and hire purchase contracts	25,908	23,808
	Profit on disposal of tangible assets	(4,419)	(6,655)
	Operating lease rentals		
	- Equipment	5,039	8,555
	- Land and buildings	66,508	72,500
	Auditors' remuneration for statutory audit	12,700	12,700
	- other services	5,300	5,300

4 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Production	40	41
Administrative	25	23
	65	64

Employment costs

	2015 £	2014 £
Wages and salaries	1,605,558	1,650,546
Social security costs	149,284	149,418
Other pension costs	-	132,000
	1,754,842	1,931,964

5 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	15,912	101,938
Company pension contributions to money purchase pension schemes	-	132,000
	15,912	233,938

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to nil (2014 - 2).

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

6	Interest payable and similar charges	2015	2014
		£	£
	Hire purchase interest	2,686	3,087
7	Tax on profit on ordinary activities	2015	2014
		£	£
	Current tax		
	U.K. corporation tax	14,298	80,683
	Adjustment in respect of prior years	(5)	5
	Total current tax	14,293	80,688
	Deferred tax		
	Origination and reversal of timing differences	(500)	(9,656)
	Total tax on profit on ordinary activities	13,793	71,032
	Factors affecting the tax charge for the year		
	The tax assessed for the year is lower than the standard rate of corporation tax of 20.00% (2014 - 22.50%).		
	The differences are explained below:		
	Profit on ordinary activities before taxation	21,067	313,841
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 22.5%)	4,213	70,614
	Effects of:		
	Expenses not deductible for tax purposes	9,527	8,166
	Depreciation add back	57	-
	Capital allowances	3,256	1,693
	Higher / lower rate tax on overseas earnings	-	(6,945)
	Adjustments to previous periods	(5)	5
	Other tax adjustments	(2,755)	7,155
		10,080	10,074
	Current tax charge for the year	14,293	80,688

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

8 Profit attributable to members of the parent company

	2015 £	2014 £
Dealt with in the financial statements of the parent company	<u>275,618</u>	<u>154,400</u>

9 Dividends

	2015 £	2014 £
Final dividends paid on ordinary shares	<u>275,618</u>	<u>154,400</u>

10 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures, machinery & equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2014	175,311	214,251	123,210	512,772
Additions	-	29,021	28,981	58,002
Disposals	-	-	(29,500)	(29,500)
At 30 June 2015	<u>175,311</u>	<u>243,272</u>	<u>122,691</u>	<u>541,274</u>
Depreciation				
At 1 July 2014	156,468	139,055	58,419	353,942
On disposals	-	-	(12,719)	(12,719)
Charge for the year	<u>12,460</u>	<u>25,066</u>	<u>22,884</u>	<u>60,410</u>
At 30 June 2015	<u>168,928</u>	<u>164,121</u>	<u>68,584</u>	<u>401,633</u>
Net book value				
At 30 June 2015	<u>6,383</u>	<u>79,151</u>	<u>54,107</u>	<u>139,641</u>
At 30 June 2014	<u>18,843</u>	<u>75,196</u>	<u>64,791</u>	<u>158,830</u>

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

10 Tangible fixed assets (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, machinery & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 30 June 2015	16,884	54,107	70,991
At 30 June 2014	19,908	59,735	79,643
Depreciation charge for the year			
At 30 June 2015	3,024	22,884	25,908
At 30 June 2014	252	23,556	23,808

11 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 July 2014 & at 30 June 2015	3,600
Net book value	
At 30 June 2015	3,600
At 30 June 2014	3,600

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

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 £7,274 for the year ended 30 June 2015 (2014: £242,809) and as at 30 June 2015 had aggregate capital and reserves of £356,083 (2014: £624,427).

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 (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

12 Stocks

	Group 2015 £	2014 £	Company 2015 £	2014 £
Raw materials and consumables	71,667	71,079	-	-
Work in progress	167,992	253,478	-	-
	<u>239,659</u>	<u>324,557</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Trade debtors	1,163,523	1,365,201	-	-
Amounts owed by group undertakings	-	-	10	10
Other debtors	480	26,995	-	-
Prepayments and accrued income	9,681	9,410	-	-
	<u>1,173,684</u>	<u>1,401,606</u>	<u>10</u>	<u>10</u>

Included in trade debtors are amounts of £1,101,569 (2014 - £1,291,325) which have been assigned to the factoring company.

Included in other debtors is an amount due from the factoring company of £nil (2013 - £26,615).

14 Creditors : amounts falling due within one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank overdrafts	98,918	-	-	-
Net obligations under hire purchase contracts	25,739	29,503	-	-
Trade creditors	842,808	1,281,221	-	-
Corporation tax	14,298	80,688	-	-
Taxation and social security costs	129,640	127,009	-	-
Directors current accounts	3,175	3,026	-	-
Other creditors	852	-	-	-
Accruals and deferred income	46,344	63,490	-	-
	<u>1,161,774</u>	<u>1,584,937</u>	<u>-</u>	<u>-</u>

Net obligations under hire purchase contracts are secured by fixed charges on the assets concerned.

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

15 Creditors : amounts falling due after more than one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Net obligations under hire purchase agreements	<u>27,257</u>	<u>36,009</u>	<u>-</u>	<u>-</u>

Net obligations under hire purchase contracts are secured by fixed charges on the assets concerned.

Net obligations under hire purchase contracts

Amounts payable:

Within one year	25,739	29,503	-	-
Within two to five years	<u>27,257</u>	<u>36,009</u>	<u>-</u>	<u>-</u>
	52,996	65,512	-	-
Included in liabilities falling due within one year	<u>(25,739)</u>	<u>(29,503)</u>	<u>-</u>	<u>-</u>
	<u>27,257</u>	<u>36,009</u>	<u>-</u>	<u>-</u>

16 Provisions for liabilities

Group

	Deferred taxation £
Balance at 1 July 2014	8,875
Profit and loss account	<u>(500)</u>
Balance at 30 June 2015	<u>8,375</u>

The deferred tax liability is made up as follows:

	Group 2015 £	2014 £	Company 2015 £	2014 £
Accelerated capital allowances	<u>8,375</u>	<u>8,875</u>	<u>-</u>	<u>-</u>

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

17 Transactions with directors

The directors of the company and its subsidiary undertaking operated a joint current account during the year. The amount owed by the subsidiary at the start of the year was £3,026. On 30 June 2015 the subsidiary owed the directors £3,175.

During the year dividends amounting to £148,418 (2014: £77,200) were paid by the company to Mr A R Mayo and dividends amounting to £127,200 (2014: ££77,200) were paid by the company to Mr A Hawkins.

18 Share capital	2015 £	2014 £
Allotted, called up and fully paid		
360 ordinary shares of £1 each	360	360
	<u> </u>	<u> </u>
 19 Reserves Group		
	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2014	3,240	620,837
Profit for the year	-	7,274
Dividends paid	-	(275,618)
	<u> </u>	<u> </u>
Balance at 30 June 2015	3,240	352,493
	<u> </u>	<u> </u>
 Other reserves		
Capital redemption reserve		
Balance at 1 July 2014 & at 30 June 2015	3,240	
	<u> </u>	
 Company		
	Other reserves (see below) £	Profit and loss account £
Balance at 1 July 2014	3,240	10
Profit for the year	-	275,618
Dividends paid	-	(275,618)
	<u> </u>	<u> </u>
Balance at 30 June 2015	3,240	10
	<u> </u>	<u> </u>
 Other reserves		
Capital redemption reserve		
Balance at 1 July 2014 & at 30 June 2015	3,240	
	<u> </u>	

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

20	Reconciliation of movements in shareholders' funds	2015	2014
	Group	£	£
	Profit for the financial year	7,274	242,809
	Dividends	(275,618)	(154,400)
	Net (depletion in)/addition to shareholders' funds	(268,344)	88,409
	Opening shareholders' funds	624,437	536,028
	Closing shareholders' funds	356,093	624,437
	Company	2015	2014
		£	£
	Profit for the financial year	275,618	154,400
	Dividends	(275,618)	(154,400)
	Net depletion in shareholders' funds	-	-
	Opening shareholders' funds	3,610	3,610
	Closing shareholders' funds	3,610	3,610
21	Notes to the cash flow statement		
	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2015	2014
		£	£
	Operating profit	23,753	316,928
	Depreciation of tangible assets	60,410	63,499
	on disposal of tangible assets	(4,419)	(6,655)
	Decrease/(increase) in stocks	84,898	26,841
	Increase in debtors	227,922	426,781
	Decrease in creditors	(451,927)	(415,596)
	Net cash (outflow)/inflow from operating activities	(59,363)	411,798
	Analysis of cash flows for headings netted in the cash flow statement	2015	2014
		£	£
	Returns on investments and servicing of finance		
	Interest element of finance lease payments	(2,686)	(3,087)
	Net cash outflow for returns on investments and servicing of finance	(2,686)	(3,087)

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

21 Notes to the cash flow statement (Continued)

Capital expenditure and financial investment

Purchase of tangible assets	(42,002)	(28,634)
Receipts from sale of tangible assets	21,200	12,500

Net cash outflow from capital expenditure & financial investment	(20,802)	(16,134)
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Financing

Capital element of hire purchase contract payments	(28,516)	(34,667)
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Net cash outflow from financing	(28,516)	(34,667)
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Analysis of net (debt)/funds

	1 July 2014	Cash flow	Other non-cash changes	30 June 2015
	£	£	£	£
Net cash:				
Cash at bank and in hand	369,265	(368,750)	-	515
Bank overdrafts	-	(98,918)	-	(98,918)
	369,265	(467,668)	-	(98,403)
Finance leases	(65,512)	28,516	(16,000)	(52,996)
Net funds/(debt)	303,753	(439,152)	(16,000)	(151,399)

22 Commitments under operating leases

At 30 June 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within one year	72,500	-	-	-
Between two and five years	-	72,500	1,586	1,586
	72,500	72,500	1,586	1,586

23 Control

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.

AAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

24 Post Balance Sheet Events

On 1 October 2015 the company issued 5 share options for £1 each. Each option gives the holder the right to acquire 24 'A' shares in the company at an exercise price of £1 per share. 'A' shares will not be entitled to receive dividends but otherwise will rank pari passu with the ordinary shares in issue at 30 June 2015.

Each option may be exercised after 1 October 2020 provided that certain performance conditions have been met and will lapse if not exercised before 1 October 2025.