

Company no 3868917

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012
FOR
A & A 2000 LIMITED

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A & A 2000 LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2012

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A & A 2000 LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 OCTOBER 2012

DIRECTORS

**A M Warren
A K Warren**

SECRETARY

A M Warren

REGISTERED OFFICE

**17 Hanbury Close
Cheshunt
Hertfordshire
EN8 9BZ**

SENIOR STATUTORY AUDITOR

K M Bailey

AUDITORS

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

A & A 2000 LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2012

The directors present their report with the financial statements of the group for the year ended 31 October 2012

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2011 to the date of this report

A M Warren
A K Warren

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A & A 2000 LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2012

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the board

A M Warren - Director



26 July 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF A & A 2000 LIMITED

We have audited the financial statements of A & A 2000 Limited for the year ended 31 October 2012 on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2012 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 Report of the Directors 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, 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



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

26 July 2013

A & A 2000 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

		2012	2011
	NOTES	£	£
TURNOVER		14,207,159	13,461,918
COST OF SALES		-8,446,931	-8,254,354
GROSS PROFIT		5,760,228	5,207,564
ADMINISTRATIVE COSTS		-5,657,459	-5,068,116
OPERATING PROFIT	2	102,769	139,448
INTEREST RECEIVABLE AND SIMILAR INCOME		35,276	27,202
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		138,045	166,650
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	-25,860	-48,828
PROFIT FOR THE YEAR AFTER TAXATION		112,185	117,822
		=====	=====

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

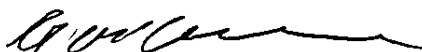
A & A 2000 LIMITED

CONSOLIDATED BALANCE SHEET AT 31 OCTOBER 2012

	NOTES	The Group		The Company	
		2012	2011	2012	2011
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	106,558	125,657	0	0
Investments	4	0	0	101	101
		<u>106,558</u>	<u>125,657</u>	<u>101</u>	<u>101</u>
CURRENT ASSETS					
Stocks	5	507,263	513,286	0	0
Debtors	6	4,009,510	3,986,603	1,570,724	1,570,724
Cash at bank and in hand		5,375,551	2,427,855	1	1
		<u>9,892,324</u>	<u>6,927,744</u>	<u>1,570,725</u>	<u>1,570,725</u>
CURRENT LIABILITIES					
Creditors falling due within one year	7	-8,018,095	-5,192,902	0	0
NET CURRENT ASSETS		<u>1,874,229</u>	<u>1,734,842</u>	<u>1,570,725</u>	<u>1,570,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,980,787</u>	<u>1,860,499</u>	<u>1,570,826</u>	<u>1,570,826</u>
CAPITAL AND RESERVES					
Called up share capital	9	1,514,507	1,514,507	1,514,507	1,514,507
Share premium account	10	56,319	56,319	56,319	56,319
Share based payment reserve	11	48,240	36,180	0	0
Profit and loss account	11	9,745,919	9,669,765	0	0
		<u>11,364,985</u>	<u>11,276,771</u>	<u>1,570,826</u>	<u>1,570,826</u>
Other reserves	11	-9,384,198	-9,416,272	0	0
SHAREHOLDERS' FUNDS	13	<u>1,980,787</u>	<u>1,860,499</u>	<u>1,570,826</u>	<u>1,570,826</u>

The financial statements were approved by the board of directors on 26 July 2013 and were signed on its behalf by

A M Warren - director



A K Warren - director



A & A 2000 LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2012

		The Group		The Company	
		2012	2011	2012	2011
	NOTES	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	2,970,783	-7,432	0	0
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		35,276	27,202	0	0
TAXATION					
Corporation tax paid		-33,538	-366,355	0	0
INVESTING ACTIVITIES					
Payments to acquire tangible fixed assets		-30,590	-59,177	0	0
Receipts from sale of tangible fixed assets		6,250	2,750	0	0
FINANCING					
Loan repaid to directors		-485	-10,000	0	0
DECREASE IN CASH	16	<u>2,947,696</u>	<u>-413,012</u>	<u>0</u>	<u>0</u>

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention

CONSOLIDATION

The consolidated financial statements combine the financial statements of A & A 2000 Limited and its subsidiaries

TURNOVER

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

TANGIBLE FIXED ASSETS

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

Plant and machinery - 25% on reducing balance

STOCKS

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

DEFERRED TAXATION

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

PENSION SCHEMES

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

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

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

SHARE BASED PAYMENTS

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

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

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

1 ACCOUNTING POLICIES

EMPLOYEE BENEFIT TRUST (EBT)

The group 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 group.

EMPLOYER FINANCED RETIREMENT BENEFIT SCHEMES (EFRBS)

During the current accounting period the company resolved to make an additional contribution to a previously established employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The A & A Electrical Distributors Limited 2011 EFRBS ("the Scheme").

In accordance with Financial Reporting Standards, the directors consider that a constructive obligation existed as at 31 October 2012 as a result of the resolution made at a meeting of the directors beforehand. It was therefore considered that an accrual should be recognised in the accounts of £2,200,000 on the basis that as at 31 October 2012 the company had a present constructive obligation as a result of a past event, that the directors believed that a transfer of economic benefits would be required to settle the obligation, and that an accurate estimate could be made of the amount of the obligation. On 16 September 2011 the group established the Scheme and within 9 months of the accounting year end the group made contributions of £2,200,000 in total under the Scheme.

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

HIRE PURCHASE AND LEASING COMMITMENTS

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

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
2 OPERATING PROFIT				
The operating profit is stated after charging				
Other operating leases	200,000	200,000	0	0
Depreciation - owned assets	35,519	41,885	0	0
Loss on disposal of fixed assets	7,920	675	0	0
Auditors' remuneration	18,000	18,000	0	0
Share based payments	12,060	12,060	0	0
Employer financed retirement benefit scheme contribution	2,200,000	1,505,000	0	0
	=====	=====	=====	=====
DIRECTORS AND EMPLOYEES				
Directors' emoluments	208,908	182,328	0	0
Other salaries	1,540,577	1,499,312	0	0
Social security costs	177,826	171,082	0	0
	=====	=====	=====	=====
	1,927,311	1,852,722	0	0
	=====	=====	=====	=====

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
2 OPERATING PROFIT				
Emoluments of the highest paid director	111,979	91,164	0	0
	=====	=====	=====	=====
Benefits under the group's pension scheme are accruing to both directors but no contributions were paid during the year				
The average number of employees during the year was				
Administration	17	17	0	0
Selling and distribution	45	46	0	0
Purchasing	5	5	0	0
	-----	-----	-----	-----
	67	68	0	0
	=====	=====	=====	=====

The group, in order to motivate and incentivise its officers and employees, has resolved to make contributions to a previously established employer financed retirement benefit scheme for the benefit of the group's officers, employees and their wider families, The A & A Electrical Distributors Limited 2011 EFRBS ("the Scheme")

Contributions were made to the Scheme within 9 months of the end of the accounting period and these created value in that Scheme. The amount of such value which is held on terms which are discretionary was £2,178,050. Because no earmarking has yet taken place, in respect of this amount, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, it has been excluded from the overall figure above and the remuneration of the highest paid director

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
3 TAXATION				
The tax charge on the profit on ordinary activities was as follows				
UK corporation tax	29,817	33,538	0	0
Deferred tax charge current year	-2,417	15,434	0	0
Deferred tax charge tax rate change	-1,540	-144	0	0
	-----	-----	-----	-----
	25,860	48,828	0	0
	=====	=====	=====	=====

The deferred tax charge current year includes a credit of £3,377 (2011 £3,377) in respect of the share based payment charge

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

4 TANGIBLE FIXED ASSETS

	The group	The company
	Plant & machinery £	Plant & machinery £
TANGIBLE ASSETS		
COST		
At 1 November 2011	499,935	0
Additions	30,590	
Disposals	-130,425	0
	<u>400,100</u>	<u>0</u>
At 31 October 2012		
DEPRECIATION		
At 1 November 2011	374,278	0
Adjustment re disposals	-116,255	
Charge for the year	35,519	0
	<u>293,542</u>	<u>0</u>
At 31 October 2012		
NET BOOK VALUES		
At 31 October 2012	<u>106,558</u>	<u>0</u>
At 1 November 2011	<u>125,657</u>	<u>0</u>

FIXED ASSET INVESTMENTS

The company owns the whole of the issued share capital of A & A Electrical Distributors Limited, at cost £100 and the whole of the issued share capital of A & A Electrical Trustees Limited, at cost £1, a dormant company. Both subsidiaries are included in the consolidated accounts.

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
5 STOCKS				
Finished goods	507,263	513,286	0	0
	<u>507,263</u>	<u>513,286</u>	<u>0</u>	<u>0</u>

6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade debtors	2,874,675	2,773,450	0	0
Other debtors	1,055,730	1,056,180	0	0
Amount due from subsidiary company	0	0	1,570,724	1,570,724
Amount due from related party	6,840	101,556	0	0
Prepayments	72,265	55,417	0	0
	<u>4,009,510</u>	<u>3,986,603</u>	<u>1,570,724</u>	<u>1,570,724</u>

During the year the subsidiary made a contribution to the Company's Employee Benefit Trust (EBT) of £0 (2011 £500,405). At the year end the EBT has advanced loans of £1,054,830 (2011 £1,054,830) which are included within other debtors above.

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade creditors	1,869,103	1,703,388	0	0
Directors' current account	2,258,830	2,259,314	0	0
Corporation tax	29,817	33,538	0	0
Other taxes and social security costs	425,902	392,095	0	0
Accruals	3,434,443	804,567	0	0
	<u>8,018,095</u>	<u>5,192,902</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====

8 DEFERRED TAX

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

At 1 November 2011	3,655,804	3,680,216	0	0
Provision for the year	15,290	-10,400	0	0
Deferred tax on amounts written off SIP's holding in parent company shares	-14,012	-14,012	0	0
	<u>3,657,082</u>	<u>3,655,804</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====
At 31 October 2012				

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

20,908 "A" ordinary shares of £0.01 each	209	209	209	209
15,724 (2011 21,758) "C" ordinary shares of £0.01 each	158	218	158	218
1,414,012 (2011 1,407,978) "D" ordinary shares of £0.01 each	14140	14080	14140	14080
1,500,000 redeemable preference shares of £1 each	1,500,000	1,500,000	1,500,000	1,500,000
	<u>1,514,507</u>	<u>1,514,507</u>	<u>1,514,507</u>	<u>1,514,507</u>
	=====	=====	=====	=====

The redeemable preference shares carry a non-cumulative dividend of 3% of their nominal value. They may be redeemed at any time by the company upon giving three months notice in writing to the shareholders, or by the shareholders upon three months notice in writing to the company. The redeemable preference shares must be redeemed at nominal value in any event on 30 June 2014, or as soon afterwards as the company can comply with its statutory obligations.

10 SHARE PREMIUM ACCOUNT

Share premium on "D" ordinary shares of £0.01 each	56,319	56,319	56,319	56,319
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

11 RESERVES

	Share premium account £	Share based payment reserve £	Other reserves £	Profit and loss account £
At 1 November 2011	56,319	36,180	-9,416,272	9,669,765
Profit for the year				112,185
Amount written off SIP's holding in parent company shares				-50,043
Deferred tax on amounts written off SIP's holding in parent company shares				14,012
Movement on share based payment reserve		12,060		
Movement on other reserves			32,074	
At 31 October 2012	<u>56,319</u>	<u>48,240</u>	<u>-9,384,198</u>	<u>9,745,919</u>

OTHER RESERVES

	£
Reserve for investment in own shares	
At 1 November 2011	13,073,354
Shares purchased during the year	0
Transfer excess cost of shares awarded to profit and loss reserve	-50,043
At 31 October 2012	<u>13,023,311</u>
Reserve for deferred tax on investment in own shares	
At 1 November 2011	3,657,082
Provision for the year	-3,957
Transfer of deferred tax on above on excess cost	-14,012
At 31 October 2012	<u>3,639,113</u>
Other reserves as above	<u>9,384,198</u>

12 RESERVES

INVESTMENT IN OWN SHARES

	Shares held in trust Number	Nominal value £	Cost £
At 1 November 2011	691,668	6,916	13,073,354
Shares purchased	0	0	0
Awarded by the QUEST/SIP	0	0	0
Amounts written off	0	0	-50,043
At 31 October 2012	<u>691,668</u>	<u>6,916</u>	<u>13,023,311</u>
Held in QUEST SIP	57,936 633,732	579 6,337	2,665,966 10,357,345
	<u>691,668</u>	<u>6,916</u>	<u>13,023,311</u>

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

12 RESERVES

INVESTMENT IN OWN SHARES

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

The A & A 2000 Limited Share Incentive Plan (SIP) was established to purchase shares for the benefit of employees. On 23 October 2009 shares were awarded as disclosed in note 14.

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

	2012 £	2011 £
13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
At 1 November 2011	1,860,499	1,715,327
Profit for the year	112,185	117,822
Amount written off SIP's holding in parent company shares	-50,043	-50,043
Deferred tax on amounts written off SIP's holding in parent company shares	14,012	14,012
Movement on share based payment reserve	12,060	12,060
Movement on other reserves	32,074	51,321
At 31 October 2012	1,980,787	1,860,499

14 SHARE BASED PAYMENTS

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

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

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

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

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

15 RELATED PARTY TRANSACTIONS

During the year the group received revenue income amounting to £20,352 (2011 £150,401) with Digital Lift Controls Limited, a company in which the directors have material interests. The total amount due to that company at the end of the year was £6,840 (2011 £101,556)

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

During the year the directors were repaid monies by a subsidiary company of £485 (2011 £10,000). The loans carry interest at 19% per annum, and are repayable on demand. The total amount owed to them at the end of the year was £3,439,061 (2011 £3,010,345)

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

16 CASH FLOW STATEMENT

	The Group		The Company	
	2012	2011	2012	2011
	£	£	£	£
Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	102,769	139,448	0	0
Share based payment charge	12,060	12,060	0	0
Depreciation	35,519	41,885	0	0
Loss on disposal of fixed assets	7,920	675	0	0
Decrease in stocks	6,023	32,093	0	0
Increase in debtors	-22,907	-721,900	0	0
Increase in creditors	2,829,399	488,307	0	0
Net cash inflow from operating activities	2,970,783	-7,432	0	0
	=====	=====	=====	=====
Analysis of changes in net funds				
Cash at bank at 1 November 2011	2,427,855	2,840,867	1	1
Increase in cash in the year	2,947,696	-413,012	0	0
Cash at bank at 31 October 2012	5,375,551	2,427,855	1	1
	=====	=====	=====	=====

17 OPERATING LEASES

Amounts due within one year under leases which expire within five years	200,000	200,000	0	0
	=====	=====	=====	=====

A & A 2000 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

18 CONTINGENT LIABILITIES

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

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

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