

Company Registration No. 03868917 (England and Wales)

A & A 2000 LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2013

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A & A 2000 LIMITED

DIRECTORS AND ADVISERS

Directors	Mr A M Warren Mrs A K Warren
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Secretary	Mr A M Warren
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Company number	03868917
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Registered office	Crown House 151 High Road Loughton Essex IG10 4LG
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Registered auditors	Alwyns LLP Crown House 151 High Road Loughton Essex IG10 4LG
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A & A 2000 LIMITED

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A & A 2000 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013

The directors present the annual report for the year ended 31 October 2013.

Review of the business

During the year, turnover decreased to £13,307,373 (2013 - £14,207,159). This performance was achieved in a highly competitive market where the directors feel that the reputation for quality and service engendered by the group has helped to retain existing customers and attract new business.

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

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

Principal risks and uncertainties facing the business

The directors continually monitor the key risks facing the group.

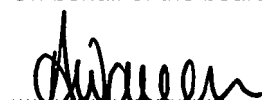
At the present time the directors believe that the key risks facing the group relate to the current economic situation, retention of key staff, competitiveness in the sector and the development of new and exciting new products.

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

Key performance indicators

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

On behalf of the board



Mrs A K Warren

Director

17 July 2014

A & A 2000 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013

Principal activities

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

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Directors

The following directors have held office since 1 November 2012:

Mr A M Warren
Mrs A K Warren

Financial instruments

Liquidity risk

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

Foreign currency risk

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

Credit risk

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

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

Auditors

Alwyns LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

A & A 2000 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

Statement of directors' responsibilities

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.

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



Mrs A K Warren

Director

17 July 2014

A & A 2000 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A & A 2000 LIMITED

We have audited the group and parent company financial statements (the "financial statements") of A & A 2000 Limited for the year ended 31 October 2013 set out on pages 6 to 21. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 October 2013 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

A & A 2000 LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF A & A 2000 LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Alwyns LLP

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

18 July 2014

Chartered Accountants
Statutory Auditor

Crown House
151 High Road
Loughton
Essex
IG10 4LG

A & A 2000 LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2013

	Notes	2013 £	2012 £
Turnover	2	13,307,373	14,207,159
Cost of sales		(7,447,784)	(8,716,997)
Gross profit		5,859,589	5,490,162
Administrative expenses		(7,070,510)	(4,958,192)
Operating (loss)/profit	3	(1,210,921)	531,970
Other interest receivable and similar income		56,115	35,276
Interest payable and similar charges	4	1,180,232	(429,201)
Profit on ordinary activities before taxation	3	25,426	138,045
Tax on profit on ordinary activities	5	97,066	(25,860)
Profit on ordinary activities after taxation		122,492	112,185

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.

A & A 2000 LIMITED

BALANCE SHEETS


AS AT 31 OCTOBER 2013

	Notes	Group 2013 £	2012 £	Company 2013 £	2012 £
Fixed assets					
Tangible assets	7	89,515	106,558	-	-
Investments	8	-	-	101	101
		<u>89,515</u>	<u>106,558</u>	<u>101</u>	<u>101</u>
Current assets					
Stocks	9	505,675	507,263	-	-
Debtors	10	4,030,996	4,009,510	1,570,724	1,570,724
Cash at bank and in hand		4,803,056	5,375,551	1	1
		<u>9,339,727</u>	<u>9,892,324</u>	<u>1,570,725</u>	<u>1,570,725</u>
Creditors: amounts falling due within one year	11	(7,322,894)	(8,018,095)	-	-
Net current assets		<u>2,016,833</u>	<u>1,874,229</u>	<u>1,570,725</u>	<u>1,570,725</u>
Total assets less current liabilities		<u>2,106,348</u>	<u>1,980,787</u>	<u>1,570,826</u>	<u>1,570,826</u>
Capital and reserves					
Called up share capital	13	1,514,507	1,514,507	1,514,507	1,514,507
Share premium account	14	56,319	56,319	56,319	56,319
Other reserves	14	(9,296,858)	(9,335,958)	-	-
Profit and loss account	14	9,832,380	9,745,919	-	-
Shareholders' funds	16	<u>2,106,348</u>	<u>1,980,787</u>	<u>1,570,826</u>	<u>1,570,826</u>

Approved by the Board and authorised for issue on 17 July 2014



Mr A M Warren
Director



Mrs A K Warren
Director

Company Registration No. 03868917

A & A 2000 LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities	21		(1,175,335)		2,970,298
Returns on investments and servicing of finance					
Interest received		56,115		35,276	
Net cash inflow for returns on investments and servicing of finance			56,115		35,276
Taxation			559,519		(33,538)
Capital expenditure					
Payments to acquire tangible assets		(12,794)		(30,590)	
Receipts from sales of tangible assets		-		6,250	
Net cash outflow for capital expenditure			(12,794)		(24,340)
Net cash outflow before management of liquid resources and financing			(572,495)		2,947,696
(Decrease)/increase in cash in the year	22, 23		(572,495)		2,947,696

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 October 2013. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

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

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.6 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:

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

1.7 Leasing

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

1.8 Investments

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

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 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. The deferred tax balance has not been discounted.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

1 Accounting policies

(Continued)

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Share-based payments

On 23 October 2009 the trustees of the Share Incentive Plan (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 subsidiary'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.

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

In accordance with UITF 38 contributions to the QUEST and SIP are not recognised in the profit and loss account until such time as the shares vest unconditionally with the employees.

1.15 Employee Benefit Trust

The subsidiary 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 subsidiary.

1.16 Employer Financed Retirement Benefit Scheme (EFRBS)

During the previous accounting period the subsidiary 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 considered 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 preceding accounts of £2,200,000 on the basis that as at 31 October 2012 the subsidiary 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.

During the current accounting period, the subsidiary made contributions of £2,200,000 under the Scheme. By virtue of the accrual made in the preceding accounting period, no charge to the profit and loss account is made in the current accounting period.

During the current accounting period the subsidiary also made an additional contribution of £2,200,200 under the Scheme.

In accordance with UITF Abstract 32 'Employee Benefit Trusts and other intermediate payment arrangements' the subsidiary 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.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

2 Turnover

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

3 Operating (loss)/profit	2013 £	2012 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	29,837	35,519
Loss on disposal of tangible assets	-	7,920
Operating lease rentals	258,596	255,720
Fees payable to the group's auditor for the audit of the group's annual accounts (company £nil; 2012: £nil)	10,500	18,000
Employer Financed Retirement Benefit Scheme Contribution	2,200,200	2,200,000
	<u>2,200,200</u>	<u>2,200,000</u>

4 Interest payable	2013 £	2012 £
On other loans wholly repayable within five years (see note 24)	(1,180,232)	429,201
	<u>(1,180,232)</u>	<u>429,201</u>

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

5	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	501,261	29,817
	Adjustment for prior years	(589,336)	-
	Total current tax	<u>(88,075)</u>	<u>29,817</u>
	Deferred tax		
	Origination and reversal of timing differences	(8,077)	(2,417)
	Deferred tax adjustments arising in previous periods	(914)	(1,540)
		<u>(8,991)</u>	<u>(3,957)</u>
		<u>(97,066)</u>	<u>25,860</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>25,426</u>	<u>138,045</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.1% (2012 - 20%)	<u>5,873</u>	<u>27,609</u>
	Effects of:		
	Non deductible expenses	6,303	3,168
	Depreciation add back	6,892	8,688
	Capital allowances	(6,124)	(7,875)
	Adjustments to previous periods	(100,421)	-
	Other tax adjustments	(598)	(1,773)
		<u>(93,948)</u>	<u>2,208</u>
	Current tax charge for the year	<u>(88,075)</u>	<u>29,817</u>

The deferred tax charge includes a credit of £3,377 (2012: £3,377) in respect of the share based payment charge.

6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The holding company did not trade during this or the prior year.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

7 Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 November 2012	235,629	164,471	400,100
Additions	3,809	8,985	12,794
At 31 October 2013	239,438	173,456	412,894
Depreciation			
At 1 November 2012	212,092	81,450	293,542
Charge for the year	6,836	23,001	29,837
At 31 October 2013	218,928	104,451	323,379
Net book value			
At 31 October 2013	20,510	69,005	89,515
At 31 October 2012	23,537	83,021	106,558

8 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 November 2012 & at 31 October 2013	101
Net book value	
At 31 October 2013	101
At 31 October 2012	101

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.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

8 Fixed asset investments

(Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
A&A Electrical Distributors Ltd	England	ordinary	100.00
A&A Electrical Trustees Ltd	England	ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
A&A Electrical Distributors Ltd	Electrical component distributors
A&A Electrical Trustees Ltd	Dormant

9 Stocks

	Group 2013 £	2012 £	Company 2013 £	2012 £
Finished goods and goods for resale	505,675	507,263	-	-

10 Debtors

	Group 2013 £	2012 £	Company 2013 £	2012 £
Trade debtors	2,911,971	2,874,675	-	-
Amounts owed by group undertakings	-	-	1,570,724	1,570,724
Other debtors	1,062,390	1,062,570	-	-
Prepayments and accrued income	56,635	72,265	-	-
	4,030,996	4,009,510	1,570,724	1,570,724

At the year end the EBT has advanced loans of £1,054,830 (2012: £1,054,830) which are included within other debtors above.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

11 Creditors : amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	1,563,589	1,869,103	-	-
Corporation tax	501,261	29,817	-	-
Taxes and social security costs	397,909	425,902	-	-
Directors current accounts	4,820,613	4,458,830	-	-
Accruals and deferred income	39,522	1,234,443	-	-
	<u>7,322,894</u>	<u>8,018,095</u>	<u>-</u>	<u>-</u>

12 Share-based payment transactions

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

(a) The shares were awarded to any employee who had been employed by A&A Electrical Distributors Limited for 18 months

(b) The shares were awarded to 58 employees in total

(c) The vesting period is five years

(d) 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:

1. injury or disability;
2. redundancy;
3. transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 1981 apply;
4. change of control of other circumstances ending the associated company status of the employer company;
5. retirement on or after reaching retirement age;
6. death.

In accordance with FRS 20, 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

13 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
20,908 "A" ordinary shares of 1p each	209	209
15,724 "C" ordinary shares of 1p each	158	158
1,414,012 "D" ordinary shares of 1p each	14,140	14,140
1,500,000 redeemable preference shares of £1 each	1,500,000	1,500,000
	<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.

14 Statement of movements on reserves Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2012	56,319	(9,335,958)	9,745,919
Profit for the year	-	-	122,492
Amount written off SIP's holding in parent company shares	-	-	(50,043)
Movement on share based payment reserve	-	12,060	-
Other movement during the year	-	27,040	-
Deferred tax on amounts written off SIP's holding in parent company shares	-	-	14,012
Balance at 31 October 2013	<u>56,319</u>	<u>(9,296,858)</u>	<u>9,832,380</u>

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

14 Statement of movements on reserves

(Continued)

Other reserves

	£
Reserve for investment in own shares	
At November 2012	(13,023,311)
Transfer excess cost of shares awarded to profit and loss reserve	50,043
	<u>(12,973,268)</u>
Reserve for deferred tax on investment in own shares	
At November 2012	3,639,113
Provision for the year	(8,991)
Transfer of deferred tax on above on excess cost	(14,012)
	<u>3,616,110</u>
Balance at 31 October 2013	<u><u>(9,357,158)</u></u>
Share based payment reserve	
Balance at 1 November 2012 & at 31 October 2013	48,240
Other reserve movement	12,060
Balance at 31 October 2013	<u><u>60,300</u></u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 November 2012	56,319	-
Balance at 31 October 2013	<u><u>56,319</u></u>	<u><u>-</u></u>

The share premium account relates to the share premium on the "D" ordinary shares of 1p each.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

15 Reserves

Investment in own shares

	Shares held in trust	Nominal value	Cost
	Number	£	£
At 1 November 2012	691,668	6,916	13,023,412
Shares purchased	-	-	-
Awarded by the QUEST/SIP	-	-	-
Amounts written off	-	-	(50,043)
At 31 October 2013	691,668	6,916	12,973,268
Held in			
QUEST	57,936	579	2,665,966
SIP	633,732	6,337	10,307,302
At 31 October 2013	691,668	6,916	12,973,268

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 approached 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 12.

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.

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

16 Reconciliation of movements in shareholders' funds	2013	2012
Group	£	£
Profit for the financial year	122,492	112,185
Amount written off SIP's holding in parent company shares	(50,043)	(50,043)
Movement on share based payment reserve	12,060	12,060
Movement on other reserves	27,040	32,074
Deferred tax on amounts written off SIP's holding in parent company shares	14,012	14,012
Opening shareholders' funds	1,980,787	1,860,499
Closing shareholders' funds	2,106,348	1,980,787

	2013	2012
Company	£	£
Loss for the financial year	-	-
Opening shareholders' funds	1,570,826	1,570,826
Closing shareholders' funds	1,570,826	1,570,826

17 Contingent liabilities

Group

The subsidiary has been in discussions with HM Revenue & Customs in respect of PAYE and NI payable on contributions made to the company's QUEST and SIP schemes. During the year, agreement was reached on the SIP contributions and discussion taken forward on the QUEST contributions. The maximum additional provision that may become payable as a result of the ongoing discussions is considered to be £397,500 by the directors.

In addition interest and penalties on all the settlements will become payable.

18 Financial commitments

At 31 October 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
Between two and five years	200,000	200,000

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

19 Directors' remuneration	2013 £	2012 £
Remuneration for qualifying services	225,198	208,908

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	123,599	111,979
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The Group, in order to motivate and incentivise its officers and employees, has made contributions to a previously established employer financed retirement benefit scheme for the benefit of the Groups officers, employees and their wider families, the A & A Electrical Distributors Limited 2011 EFRBS ("the Scheme").

Contributions were made to the Scheme during the accounting period and these created value in that Scheme. The amount of such value which is held on terms which are discretionary was £2,178,100. Because no earmarking has yet taken place in respect of this amount, it is not considered that this amount 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.

20 Employees

Number of employees

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

	2013 Number	2012 Number
Administration	17	17
Selling and distribution	46	45
Purchasing	5	5
	68	67

Employment costs

	2013 £	2012 £
Wages and salaries	1,919,066	1,922,129
Contributions to SIP Scheme	2,084,847	-
	4,003,913	1,922,129

A & A 2000 LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2013

21	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities	2013	2012
		£	£
	Operating (loss)/profit	(1,210,921)	531,970
	Depreciation of tangible assets	29,837	35,519
	Loss on disposal of tangible assets	-	7,920
	Decrease in stocks	1,588	6,023
	(Increase)/decrease in debtors	(21,486)	(22,907)
	Increase in creditors within one year	13,587	2,399,713
	Share based payment charge	12,060	12,060
	Net cash (outflow)/inflow from operating activities	(1,175,335)	2,970,298

22	Analysis of net funds	1 November 2012	Cash flow	Other non-cash changes	31 October 2013
		£	£		£
	Net cash:				
	Cash at bank and in hand	5,375,551	(572,495)	-	4,803,056
	Net funds	5,375,551	(572,495)	-	4,803,056

23	Reconciliation of net cash flow to movement in net debt	2013	2012
		£	£
	(Decrease)/increase in cash in the year	(572,495)	2,947,696
	Movement in net funds in the year	(572,495)	2,947,696
	Opening net funds	5,375,551	2,427,855
	Closing net funds	4,803,056	5,375,551

24 Related party relationships and transactions

Group

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

At the year end the group owed the directors £4,820,613 (2012: £4,458,830). At 31 October 2013 interest of £1,180,232 had been accrued. The loans were in fact interest free and as no interest will be payable by the company the provision has been reversed in the current year.

Company

At the year end the company was owed £1,570,724 (2012: £1,570,724) by A & A Electrical Distributors Limited. The loan is interest free and under no formal terms.