

Company Registration No. 03868917 (England and Wales)

**A & A 2000 LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 OCTOBER 2014**

FRIDAY



\*L4CSCWCJ\*

LD2

31/07/2015

#73

COMPANIES HOUSE

# **A & A 2000 LIMITED**

## **DIRECTORS AND ADVISERS**

---

**Directors** Mr A M Warren  
Mrs A K Warren

**Secretary** Mr A M Warren

**Company number** 03868917

**Registered office** Crown House  
151 High Road  
Loughton  
Essex  
IG10 4LG

**Registered auditors** Alwyns LLP  
Crown House  
151 High Road  
Loughton  
Essex  
IG10 4LG

---

# **A & A 2000 LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the financial statements	9 - 20

---

# **A & A 2000 LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2014**

---

The directors present the annual report for the year ended 31 October 2014.

### **Review of the business**

During the year, turnover decreased to £12,803,118 (2013 - £13,307,373). 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 base. 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

31 July 2015

# **A & A 2000 LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2014**

---

### **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 2013:

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 2014**

---

### 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

31 July 2015

# **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 2014 set out on pages 6 to 20. 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 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 2014 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

31 July 2015

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 2014

	Notes	2014 £	2013 £
Turnover	2	12,803,118	13,307,373
Cost of sales		(7,086,773)	(7,447,784)
Gross profit		5,716,345	5,859,589
Administrative expenses		(5,591,246)	(7,070,510)
Operating profit/(loss)	3	125,099	(1,210,921)
Other interest receivable and similar income		17,474	56,115
Interest payable and similar charges	4	(48)	1,180,232
Profit on ordinary activities before taxation		142,525	25,426
Tax on profit on ordinary activities	5	1,029,133	97,066
Profit on ordinary activities after taxation		1,171,658	122,492

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 2014

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
<b>Fixed assets:</b>					
Tangible assets	7	118,337	89,515	-	-
Investments	8	-	-	101	101
		<u>118,337</u>	<u>89,515</u>	<u>101</u>	<u>101</u>
<b>Current assets</b>					
Stocks	9	493,354	505,675	-	-
Debtors	10	3,850,742	4,030,996	1,570,724	1,570,724
Cash at bank and in hand		3,836,615	4,803,056	1	1
		<u>8,180,711</u>	<u>9,339,727</u>	<u>1,570,725</u>	<u>1,570,725</u>
<b>Creditors: amounts falling due within one year</b>	11	(6,086,175)	(7,322,894)	-	-
<b>Net current assets</b>		<u>2,094,536</u>	<u>2,016,833</u>	<u>1,570,725</u>	<u>1,570,725</u>
<b>Total assets less current liabilities</b>		<u>2,212,873</u>	<u>2,106,348</u>	<u>1,570,826</u>	<u>1,570,826</u>
<b>Capital and reserves</b>					
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	(10,361,991)	(9,296,858)	-	-
Profit and loss account	14	11,004,038	9,832,380	-	-
<b>Shareholders' funds</b>	17	<u>2,212,873</u>	<u>2,106,348</u>	<u>1,570,826</u>	<u>1,570,826</u>

Approved by the Board and authorised for issue on 31 July 2015



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 2014

	Note	£	2014 £	2013 £
<b>Net cash outflow from operating activities</b>	<b>22</b>		<b>(414,337)</b>	<b>(1,175,335)</b>
<b>Returns on investments and servicing of finance</b>				
Interest received		17,474	56,115	
Interest paid		(48)	-	
		<u>17,426</u>	<u>56,115</u>	
<b>Net cash inflow for returns on investments and servicing of finance</b>			<b>17,426</b>	<b>56,115</b>
<b>Taxation</b>			<b>(501,261)</b>	<b>559,519</b>
<b>Capital expenditure</b>				
Payments to acquire tangible assets		(68,269)	(12,794)	
		<u>(68,269)</u>	<u>(12,794)</u>	
<b>Net cash outflow for capital expenditure</b>			<b>(68,269)</b>	<b>(12,794)</b>
			<u>          </u>	<u>          </u>
<b>Net cash outflow before management of liquid resources and financing</b>			<b>(966,441)</b>	<b>(572,495)</b>
			<u>          </u>	<u>          </u>
<b>Decrease in cash in the year</b>	<b>21, 23</b>		<b>(966,441)</b>	<b>(572,495)</b>
			<u>          </u>	<u>          </u>

# **A & A 2000 LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014**

---

### **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 2014. 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.

#### **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.

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 1 Accounting policies

(Continued)

#### 1.13 Share-based payments

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 current accounting period, the subsidiary made an additional contribution to a previously established EFRBS for the benefit of its officers, employees, and their wider families, The A & A Electrical Distributors Limited 2011 EFRBS ("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.

### 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 profit/(loss)	2014 £	2013 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	39,447	29,837
Operating lease rentals	258,897	258,596
Fees payable to the group's auditor for the audit of the group's annual accounts (company £nil; 2013: £nil)	10,500	10,500
Employer Financed Retirement Benefit Scheme Contribution	2,500,000	2,200,200

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

<b>4</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	48	-
	On other loans wholly repayable within five years	-	(1,180,232)
		<u>48</u>	<u>(1,180,232)</u>
<b>5</b>	<b>Taxation</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	36,000	501,261
	Adjustment for prior years	-	(589,336)
	<b>Total current tax</b>	<u>36,000</u>	<u>(88,075)</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	2,990	(8,077)
	Deferred tax adjustments arising in previous periods	(1,068,123)	(914)
		<u>(1,065,133)</u>	<u>(8,991)</u>
		<u>(1,029,133)</u>	<u>(97,066)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>142,525</u>	<u>25,426</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2013 - 23.1%)	<u>28,505</u>	<u>5,873</u>
	Effects of:		
	Non deductible expenses	3,948	495,218
	Depreciation add back	7,889	6,892
	Capital allowances	(4,765)	(6,124)
	Adjustments to previous periods	-	(589,336)
	Other tax adjustments	423	(598)
		<u>7,495</u>	<u>(93,948)</u>
	<b>Current tax charge for the year</b>	<u>36,000</u>	<u>(88,075)</u>

The deferred tax charge in the prior year included a credit of £3,377 in respect of the share based payment charge.

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 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.

### 7 Tangible fixed assets

#### Group

	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 November 2013	239,438	173,456	412,894
Additions	4,256	64,013	68,269
At 31 October 2014	243,694	237,469	481,163
<b>Depreciation</b>			
At 1 November 2013	218,928	104,451	323,379
Charge for the year	6,192	33,255	39,447
At 31 October 2014	225,120	137,706	362,826
<b>Net book value</b>			
At 31 October 2014	18,574	99,763	118,337
At 31 October 2013	20,510	69,005	89,515

### 8 Fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 November 2013 & at 31 October 2014	101
<b>Net book value</b>	
At 31 October 2014	101
At 31 October 2013	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 2014

### 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	%
<b>Subsidiary undertakings</b>				
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 2014 £	2013 £	Company 2014 £	2013 £
Finished goods and goods for resale	493,354	505,675	-	-

### 10 Debtors

	Group 2014 £	2013 £	Company 2014 £	2013 £
Trade debtors	2,729,526	2,911,971	-	-
Amounts owed by group undertakings	-	-	1,570,724	1,570,724
Other debtors	1,063,410	1,062,390	-	-
Prepayments and accrued income	57,806	56,635	-	-
	3,850,742	4,030,996	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 2014

### 11 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	1,811,524	1,563,589	-	-
Corporation tax	36,000	501,261	-	-
Taxes and social security costs	378,307	397,909	-	-
Directors current accounts	3,345,612	4,820,613	-	-
Accruals and deferred income	514,732	39,522	-	-
	<u>6,086,175</u>	<u>7,322,894</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 previous year.

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

13 Share capital	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
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 2013	56,319	(9,296,858)	9,832,380
Profit for the year	-	-	1,171,658
Other movement during the year	-	(1,065,133)	-
Balance at 31 October 2014	<u>56,319</u>	<u>(10,361,991)</u>	<u>11,004,038</u>

#### Other reserves

	£
<b>Reserve for investment in own shares</b>	
At 1 November 2013 and 31 October 2014	<u>(12,973,268)</u>
<b>Reserve for deferred tax on investment in own shares</b>	
At November 2013	3,616,110
Provision for the year	<u>(1,065,133)</u>
	<u>2,550,977</u>
Balance at 31 October 2014	<u>(10,422,291)</u>
<b>Share based payment reserve</b>	
Balance at 1 November 2013 & at 31 October 2014	<u>60,300</u>

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 14 Statement of movements on reserves

(Continued)

#### Company

	Share premium account £	Profit and loss account £
Balance at 1 November 2013	56,319	-
Balance at 31 October 2014	56,319	-

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

### 15 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 with all the additional costs including interest charged as an expense in the year. The maximum additional provision that may become payable as a result of the ongoing discussions on the QUEST scheme is considered by the directors to be £397,500.

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

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 15 Reserves

#### Investment in own shares

	Shares held in trust Number	Nominal value £	Cost £
At 1 November 2013	691,668	6,916	12,973,268
Shares purchased	-	-	-
Awarded by the QUEST/SIP	-	-	-
Amounts written off	-	-	-
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 1 November 2013 & at 31 October 2014	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.

### 17 Reconciliation of movements in shareholders' funds

Group	2014 £	2013 £
Profit for the financial year	1,171,658	122,492
Amount written off SIP's holding in parent company shares	-	(50,043)
Movement on share based payment reserve	-	12,060
Movement on other reserves	-	27,040
Deferred tax on amounts written off SIP's holding in parent company shares	(1,065,133)	14,012
Opening shareholders' funds	2,106,348	1,980,787
Closing shareholders' funds	2,212,873	2,106,348

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 17 Reconciliation of movements in shareholders' funds (Continued)

Company	2014 £	2013 £
Loss for the financial year	-	-
Opening shareholders' funds	1,570,826	1,570,826
Closing shareholders' funds	1,570,826	1,570,826

### 18 Financial commitments

At 31 October 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014 £	2013 £
Expiry date: In over five years	200,000	200,000

### 19 Directors' remuneration

	2014 £	2013 £
Remuneration for qualifying services	165,240	225,198
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	95,120	123,599

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 £2,475,050. 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.

# A & A 2000 LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

### 20 Employees

#### Number of employees

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

	2014 Number	2013 Number
Administration	17	17
Selling and distribution	43	46
Purchasing	4	5
	<u>64</u>	<u>68</u>

#### Employment costs

	2014 £	2013 £
Wages and salaries	1,712,960	1,919,066
Contributions to SIP Scheme	-	2,084,847
	<u>1,712,960</u>	<u>4,003,913</u>

### 21 Analysis of net funds

	1 November 2013 £	Cash flow £	Other non- cash changes £	31 October 2014 £
Net cash:				
Cash at bank and in hand	4,803,056	(966,441)	-	3,836,615
Net funds	<u>4,803,056</u>	<u>(966,441)</u>	<u>-</u>	<u>3,836,615</u>

### 22 Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2014 £	2013 £
Operating profit/(loss)	125,099	(1,210,921)
Depreciation of tangible assets	39,447	29,837
Decrease in stocks	12,321	1,588
Decrease/(increase) in debtors	180,254	(21,486)
(Decrease)/Increase in creditors within one year	(771,458)	13,587
Share based payment charge	-	12,060
Net cash outflow from operating activities	<u>(414,337)</u>	<u>(1,175,335)</u>

## A & A 2000 LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2014

---

23	Reconciliation of net cash flow to movement in net debt	2014 £	2013 £
	Decrease in cash in the year	(966,441)	(572,495)
	<b>Movement in net funds in the year</b>	(966,441)	(572,495)
	Opening net funds	4,803,056	5,375,551
	<b>Closing net funds</b>	<u>3,836,615</u>	<u>4,803,056</u>

#### 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.

On 25 March 2014 Mr A M Warren and Mrs A K Warren agreed to become obliged to pay the Trustees of The A & A Electrical Distributors Limited 2011 EFRBS the sum of £1,250,000 each. In consideration, A & A Electrical Distributors Limited became obliged to pay each of Mr A M Warren and Mrs A K Warren the sum of £1,250,000 and A & A Electrical Distributors Limited was released from its obligation to pay the Trustees of The A & A Electrical Distributors Limited 2011 EFRBS the sum of £2,500,000.

At the year end the group owed the directors £3,345,612 (2013: £4,820,613). The loans are interest free.

##### Company

At the year end the company was owed £1,570,724 (2013: £1,570,724) by A & A Electrical Distributors Limited. The loan is interest free and under no formal terms.