

COMPANY REGISTRATION NUMBER: 10930308

A&A Electrical Distributors Limited
Financial Statements
30 September 2022



JEFFREYS HENRY LLP
Chartered accountants & statutory auditor
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

A&A Electrical Distributors Limited

Financial Statements

Year ended 30 September 2022

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A&A Electrical Distributors Limited

Strategic Report

Year ended 30 September 2022

A&A saw a slight sales increase over the previous year, but margins and profit were again impacted by continued cost increases throughout the supply chain. As well as the impact of increased costs the supply chain in general was challenging in terms of product availability, extended lead times and management changes within some of our key suppliers.

We navigated the transition of A&A senior management in the second half of the year and continued to make good progress on our key projects including the addition of an MRP module and extended scanning capability which will support our inventory management and margin improvement objectives. Good progress was also made on our ESG objectives with investment made in recycling incoming cardboard for use as an infill material for our own deliveries.

Our E-commerce platform has been well received and the focus on enhancing our customer experience continues.

Key performance indicators

Turnover for the year amounted to £12,168,411 (2021: 11,810,961) and the profit before tax for the year amounted to £1,925,071 (2021: £2,050,096).

The Directors believe that the key financial performance indicators relevant to the company are sales, operating profit, profit before tax and return on equity. The key non-financial performance indicators relevant to the company are quality measures and on-time deliveries to customers which was 97% (2021: 99%).

Principal risks and uncertainties

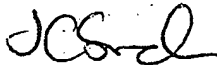
In addition to the financial risks detailed in the financial review of the Director's report, the company faces a number of other business risks and uncertainties.

Brexit. Tensions in the relationship between the UK and the EU may impact business in the UK and trade flowing in and out of the UK.

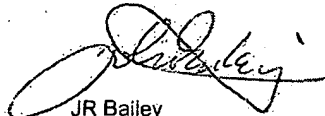
Loss of a key customer. Because the company tends to operate in niche markets there are limited numbers of major customers in some of these markets.

This strategic report is part of the annual report and accounts.

This report was approved by the board of directors on 21 June 2023 and signed on behalf of the board by:



JC Sinclair
Secretary



JR Bailey
Director

Registered office:
234-262 Maybank Road
South Woodford
London
E18 1ET

A&A Electrical Distributors Limited

Directors' Report

Year ended 30 September 2022

The directors present their report and the financial statements of the company for the year ended 30 September 2022.

Directors

The directors who served the company during the year were as follows:

D Dewhurst	
JM Dewhurst	
JR Bailey	
RM Dewhurst	(Resigned 5 September 2022)
L Joao	(Appointed 1 November 2021)
D White	(Appointed 5 September 2022)

Future developments

A&A continues to invest in research and development programmes for new products as well as new processes and technologies to improve overall operational effectiveness.

Financial review

The company seeks to reduce or eliminate financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The policies and procedures operated are regularly reviewed and approved by the Board.

The company continues to hedge foreign currencies internally where possible and does not use derivatives in the form of foreign exchange contracts to manage its currency risk.

Credit risk

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers before entering contracts. Such credit ratings are then factored into any contracts.

Foreign exchange risk

The company is exposed to foreign exchange risk both on a transactional and translational basis. The company looks to mitigate transactional foreign exchange risk by trying to balance its trade in foreign currencies and only hold sufficient currencies to meet its future needs.

Liquidity risk

The cash and cash equivalent amount of £1,014,800 (2021: £1,409,970) is made up of cash of £1,014,800 (2021: £1,409,970) and short-term deposits of £NIL (2021: £NIL). The cash was invested at overnight rates based on LIBOR. Other financial assets and liabilities do not attract interest.

Price risk

The company is exposed to price risk both from on a supplier and customer basis. The company tracks material base prices and looks to mitigate price increase through inventory management as well as dual sourcing where possible.

Directors' responsibilities statement

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 the profit or loss of the company for that period.

A&A Electrical Distributors Limited

Directors' Report

Year ended 30 September 2022

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Jeffreys Henry LLP (a member of the Gravita Group) has indicated that it will not seek re-appointment as the company's auditor at the forthcoming Annual General Meeting as, following a business reorganisation, the group will provide audit services to clients from another company in the group, Gravita Audit Limited. A resolution to appoint Gravita Audit Limited as the company's auditor will be proposed at the Annual General Meeting.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

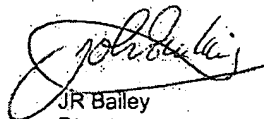
Dividends

The directors declared and paid dividends totalling £1,400,000 (2021: £1,350,000).

This report was approved by the board of directors on 21 June 2023 and signed on behalf of the board by:



JC Sinclair
Secretary



JR Bailey
Director

Registered office:
234-262 Maybank Road
South Woodford
London
E18 1ET

A&A Electrical Distributors Limited

Independent Auditor's Report to the Members of A&A Electrical Distributors Limited

Year ended 30 September 2022

Opinion

We have audited the financial statements of A&A Electrical Distributors Limited (the 'company') for the period ended 30 September 2022 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted this statement is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our Responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and the directors' report have been prepared in accordance with applicable legal requirements.

A&A Electrical Distributors Limited

Independent Auditor's Report to the Members of A&A Electrical Distributors Limited

Year ended 30 September 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment, health and safety legislation and anti-money laundering regulations.

A&A Electrical Distributors Limited

Independent Auditor's Report to the Members of A&A Electrical Distributors Limited

Year ended 30 September 2022

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries with specific attributes to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- review of legal expenditure incurred during the year;
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment by for example forgery, or intentional misrepresentation or through collusion. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

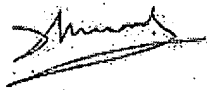
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Sachin Ramaiya (Senior Statutory Auditor)

For and on behalf of
Jeffreys Henry LLP
Chartered accountants & statutory auditor
Finsgate
5-7 Cranwood Street
London
EC1V 9EE



21 June 2023

A&A Electrical Distributors Limited

Income Statement

Year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	3	12,168,411	11,810,961
Cost of sales		(7,582,249)	(7,306,938)
Gross profit		4,586,162	4,504,023
Administrative expenses		(2,661,091)	(2,460,013)
Other operating income	4	—	3,205
Operating profit	5	1,925,071	2,047,215
Other interest receivable and similar income	9	—	2,881
Profit before taxation		1,925,071	2,050,096
Tax on profit	10	(28,300)	(330,675)
Profit for the financial year		1,896,771	1,719,421

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 11 to 20 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Financial Position

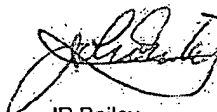
30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	6	6
Tangible assets	12	130,220	128,449
		<u>130,226</u>	<u>128,455</u>
Current assets			
Stocks	13	2,137,258	2,094,870
Debtors	14	2,682,894	2,142,180
Cash at bank and in hand		1,014,800	1,409,970
		<u>5,834,952</u>	<u>5,647,020</u>
Creditors: amounts falling due within one year	15	<u>(1,196,473)</u>	<u>(1,505,647)</u>
Net current assets		<u>4,638,479</u>	<u>4,141,373</u>
Total assets less current liabilities		<u>4,768,705</u>	<u>4,269,828</u>
Provisions	16	<u>(23,169)</u>	<u>(21,063)</u>
Net assets		<u>4,745,536</u>	<u>4,248,765</u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		<u>4,745,535</u>	<u>4,248,764</u>
Shareholders funds		<u>4,745,536</u>	<u>4,248,765</u>

These financial statements were approved by the board of directors and authorised for issue on 21 June 2023, and are signed on behalf of the board by:



JC Sinclair
Secretary



JR Bailey
Director

Company registration number: 10930308

The notes on pages 11 to 20 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Changes in Equity

Year ended 30 September 2022

		Called up share capital £	Profit and loss account £	Total £
At 1 October 2020		1	3,879,343	3,879,344
Profit for the year		—	1,719,421	1,719,421
Total comprehensive income for the year		—	1,719,421	1,719,421
Dividends paid and payable	22	—	(1,350,000)	(1,350,000)
Total investments by and distributions to owners		—	(1,350,000)	(1,350,000)
At 30 September 2021		1	4,248,764	4,248,765
Profit for the year		—	1,896,771	1,896,771
Total comprehensive income for the year		—	1,896,771	1,896,771
Dividends paid and payable	22	—	(1,400,000)	(1,400,000)
Total investments by and distributions to owners		—	(1,400,000)	(1,400,000)
At 30 September 2022		1	4,745,535	4,745,536

The notes on pages 11 to 20 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Cash Flows

Year ended 30 September 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,896,771	1,719,421
<i>Adjustments for:</i>		
Depreciation of tangible assets	74,085	99,057
Other interest receivable and similar income	-	(2,881)
Gains on disposal of tangible assets	(3,500)	(16,128)
Tax on profit	28,300	330,675
<i>Changes in:</i>		
Stocks	(42,388)	(422,849)
Trade and other debtors	(216,908)	185,957
Trade and other creditors	(311,261)	(115,404)
Cash generated from operations	1,425,099	1,777,848
Tax paid	(350,000)	-
Net cash from operating activities	<u>1,075,099</u>	<u>1,777,848</u>
Cash flows from investing activities		
Purchase of tangible assets	(75,856)	(45,794)
Proceeds from sale of tangible assets	3,500	17,174
Net cash used in investing activities	<u>(72,356)</u>	<u>(28,620)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	2,087	(29,219)
Dividends paid	(1,400,000)	(1,350,000)
Net cash used in financing activities	<u>(1,397,913)</u>	<u>(1,379,219)</u>
Net (decrease)/increase in cash and cash equivalents	(395,170)	370,006
Cash and cash equivalents at beginning of year	1,409,970	1,039,961
Cash and cash equivalents at end of year	<u>1,014,800</u>	<u>1,409,970</u>

The notes on pages 11 to 20 form part of these financial statements.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2022

1. General information

A&A Electrical Distributors Limited, a private company limited by shares, is incorporated in England & Wales. The address of the registered office is given on page 1. The principal activity of the company is the resale of lift and electrical components. The Financial Statements are presented in Sterling, which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS102") and the requirements of the companies act 2006.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

Going Concern

At the time of approving the financial statements, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of account in preparing the financial statements.

Share Capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 10% straight line
Fixtures and fittings	- 10.0% to 16.7% on a straight line basis
Motor vehicles	- 25.0% to 50.0% on a straight line basis

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Disposal of tangible fixed assets

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit or loss.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Impairment of stock

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis to realise the asset and settle the liability simultaneously.

Trade Receivables and payables

Trade receivables do not carry any interest and trade payables are not interest bearing. Receipts and payments occur over a short period and are subject to an insignificant risk of changes in value. The company provides for all trade receivables that are more than ninety days overdue therefore the Directors consider the carrying amounts are stated at their fair value after deduction of appropriate allowances for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The short-term deposits have maturities of six months or less.

Financial liabilities

Financial liabilities incurred by the company are classified according to the substance of the contractual arrangements entered into and measured at their amortised cost.

Derivative financial instruments

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognised as income or expense in the statement of comprehensive income as they arise.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount when there is a present legal or constructive obligation that has arisen as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Key judgements and estimates

The company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectation of future events.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand; deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Pension schemes

A defined contribution pension scheme is offered at the company with assets in an independently administered fund. Contributions to this scheme are expensed as incurred.

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

Judgements and key sources of estimation uncertainty

Significant judgements

Allowance for credit losses

The Company reviews the ageing analysis of receivables on a regular basis. A considerable amount of judgement is required in assessing the recoverability of receivables, including credit worthiness and collection history of counterparties. Deterioration in the counterparty's financial conditions may affect allowances for credit losses.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provision for obsolete stock

Stock is reviewed on a monthly basis and a provision is made for slowing and non-moving stock. The method of calculating the provision is based on the stock movement in the previous 13 months, with a provision of 30% used for slow moving items and 100% used for non-moving items. Slow moving items are defined as items with some movement in the preceding 13 months but where the quantity of items on hand is greater than the quantity of items sold in the past year. Non-moving items are defined as items with no movement in the preceding 13 months.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	<u>12,168,411</u>	<u>11,810,961</u>

Turnover analysed by geographical market:

	2022	2021
	£	£
United Kingdom	11,898,434	11,566,169
Europe	160,900	107,421
Australia	109,077	137,371
	<u>12,168,411</u>	<u>11,810,961</u>

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

4. Other operating income

	2022	2021
	£	£
Other operating income	<u>-</u>	<u>3,205</u>

The company utilised government furlough schemes in the prior year.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Depreciation of tangible assets	74,085	99,057
Gains on disposal of tangible assets	(3,500)	(16,128)
Stock charged to profit or loss	6,699,227	6,658,910
Impairment of inventory	47,566	-
Impairment of trade debtors	2,471	(5,339)
Operating lease charge	223,877	224,261
Loss / (Gains) on foreign exchange	<u>9,434</u>	<u>(16,794)</u>

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>21,853</u>	<u>18,300</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	<u>4,015</u>	<u>3,650</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Production staff	24	21
Administrative staff	27	26
	<u>51</u>	<u>47</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	1,963,901	1,862,181
Social security costs	174,958	169,268
Other pension costs	48,879	50,995
	<u>2,187,738</u>	<u>2,082,444</u>

Pension payments are paid and accrued for on defined contribution plans.

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Wages and salaries	357,740	302,401
Pension	10,854	8,705
Benefits in kind	4,579	11,520
	<u>373,173</u>	<u>322,626</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022	2021
	£	£
Wages and salaries	214,218	191,276
Pension	1,761	1,756
Benefits in kind	2,333	2,192
	<u>218,312</u>	<u>195,224</u>

One Director received pension payments into their defined contribution schemes totalling £1,761 (2021: £1,756)

The executive Directors comprise the key management personnel of the company in both the current and previous years.

9. Other interest receivable and similar income

	2022	2021
	£	£
Interest on cash and cash equivalents	<u>-</u>	<u>2,881</u>

10. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Current tax:		
UK current tax expense at 19% (2021: 19%)	26,194	330,126
Deferred tax:		
Origination and reversal of timing differences	2,106	549
Tax on profit	<u>28,300</u>	<u>330,675</u>

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

10. Tax on profit (continued)

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £	2021 £
Profit before tax	1,925,071	2,050,096
Tax on profit at standard corporation tax rate 19.00% (2021: 19.00%)	365,763	389,518
Effects of:		
Expenses not deductible for tax purposes	2,450	1,056
Fixed Asset differences	(5,221)	-
Group relief surrendered/(claimed)	(315,902)	(46,556)
Adjustments to tax charge in respect of previous periods	(19,295)	(18,399)
Remeasurement of deferred tax for changes in tax rates	505	5,056
Tax charge for the period	28,300	330,675

11. Intangible assets

	Intangible asset user defined £
Cost	
At 1 October 2021 and 30 September 2022	6
Amortisation	
At 1 October 2021 and 30 September 2022	-
Carrying amount	
At 30 September 2022	6
At 30 September 2021	6

12. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 October 2021	29,311	265,145	113,416	407,872
Additions	24,222	8,784	42,850	75,856
Disposals	-	-	(7,279)	(7,279)
At 30 September 2022	53,533	273,929	148,987	476,449
Depreciation				
At 1 October 2021	4,738	193,342	81,343	279,423
Charge for the year	3,659	47,119	23,307	74,085
Disposals	-	-	(7,279)	(7,279)
At 30 September 2022	8,397	240,461	97,371	346,229
Carrying amount				
At 30 September 2022	45,136	33,468	51,616	130,220
At 30 September 2021	24,573	71,803	32,073	128,449

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

13. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>2,137,258</u>	<u>2,094,870</u>

14. Debtors

	2022 £	2021 £
Trade debtors	2,286,877	2,072,726
Amounts owed by group undertakings	2,629	272
Prepayments and accrued income	68,508	68,129
Corporation tax	323,806	–
Other debtors	1,074	1,053
	<u>2,682,894</u>	<u>2,142,180</u>

Included in trade debtors balance are specific provisions of £20,845 (2021: £34,478) in respect of impairment of bad debts.

Amounts owed by group undertakings are interest free, unsecured and repayable upon demand.

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	467,248	737,560
Amounts owed to group undertakings	68,976	66,889
Other creditors and accruals	351,852	314,377
Corporation tax	–	91,445
Social security and other taxes	308,397	295,376
	<u>1,196,473</u>	<u>1,505,647</u>

Amounts owed to group undertakings are interest free, unsecured and repayable upon demand.

16. Provisions

	£
Deferred tax	
At 1 October 2021	21,063
Addition to deferred tax provisions in the year	<u>2,106</u>
At 30 September 2022	<u>23,169</u>

The provision for deferred tax consists of the following deferred tax liabilities:

	2022 £	2021 £
Accelerated capital allowances	<u>23,169</u>	<u>21,063</u>
Total provision	<u>23,169</u>	<u>21,063</u>

There are no unused tax losses or unused tax credits.

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £48,879 (2021: £50,995).

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2022

18. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

19. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	229,021	224,261
Later than 1 year and not later than 5 years	775,303	134,370
Greater than 5 years	110,000	—
	<u>1,114,324</u>	<u>358,631</u>

20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021	2021
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,286,877	2,072,726
Amounts owed by group undertakings	2,629	272
Other debtors	1,074	1,053
	<u>2,290,580</u>	<u>2,074,051</u>
Financial liabilities measured at amortised cost		
Trade creditors	467,248	737,561
Amounts owed to parent company	68,976	66,889
	<u>545,224</u>	<u>804,450</u>

21. Analysis of changes in net debt

	At 1 Oct 2021	Cash flows	At 30 Sep 2022
	£	£	£
Cash at bank and in hand	1,409,970	(395,170)	1,014,800
	<u>1,409,970</u>	<u>(395,170)</u>	<u>1,014,800</u>

22. Dividends

	2022	2021
	£	£
Dividends paid during the year	<u>1,400,000</u>	<u>1,350,000</u>

23. Related party transactions

The company has taken advantage of the exemptions laid out in Financial Reporting Standard 102 that allow it not to disclose transactions with entities that are part of the group on the grounds that consolidated financial statements of the group are publicly available.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2022

24. Controlling party

The company regards Dewhurst Group plc, incorporated in England & Wales, as the company's ultimate parent undertaking. The smallest and largest group which includes the company for which consolidated company accounts are prepared is Dewhurst Group plc. Copies of its financial statements can be obtained from its website www.dewhurst-group.com.

The registered office of Dewhurst Group plc is Unit 9, Hampton Business Park, Hampton Road West, Feltham, TW13 6DB