

A&A Electrical Distributors Limited
Financial Statements
30 September 2020



A&A Electrical Distributors Limited

Financial Statements

Year ended 30 September 2020

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A&A Electrical Distributors Limited

Strategic Report

Year ended 30 September 2020

A&A completed its second full year within the Group and the integration of the business is essentially complete.

Sales and profits were down on last year and the business was significantly impacted by the pandemic. Sales in April and May were around half of normal levels. In June sales started to recover. The business continued to operate throughout the whole of the UK lockdown period, providing a vital role for the industry in the supply of spare items for breakdowns and repairs.

A&A rose to the challenge to develop products which helped make the lift environment a safer place. A new range of 'Site Essentials' was launched which included products such as anti-bacterial wipes, safe space floor stickers, surface sanitisers and face masks.

We continue to work to develop our e-Commerce solution and this project has moved on well. We are looking to launch our new site in the first quarter of 2021.

Key performance indicators

Turnover for the year amounted to £11,085,870 (2019: 11,760,174) and the profit before tax for the year amounted to £2,261,801 (2019: £2,439,988).

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 indicator relevant to the company is on-time deliveries to customers which was 96% (2019: n/a).

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.

Covid-19. The pandemic has forced Governments around the world to apply restrictions in an attempt to control the spread of the virus. There are short-term risks to sales and the supply chain and a potential longer-term impact to sales as the pipeline of new construction and investment could be delayed.

Brexit. The uncertainty around the ultimate relationship between the UK and the EU and how this will 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.

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

This report was approved by the board of directors on 21 June 2021 and signed on behalf of the board by:



JM Dewhurst
Director



JR Bailey
Director



JM Dewhurst
Secretary

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

A&A Electrical Distributors Limited

Directors' Report

Year ended 30 September 2020

The directors present their report and the financial statements of the company for the year ended 30 September 2020.

Directors

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

D Dewhurst
JM Dewhurst
JR Bailey
RM Dewhurst

Future developments and research and 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. By varying the duration of its fixed and floating cash deposits, the company maximises the return on interest earned.

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.

Interest risk

The company is exposed to interest risk but purely on bank deposits. It is company policy to maximise the return on interest earned whilst taking adequate steps to monitor the viability of the bank and safeguarding the assets of the company.

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 £1,039,961 (2019: £584,982) is made up of cash of £1,039,961 (2019: £584,982) and short-term deposits of £NIL (2019: £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

A&A Electrical Distributors Limited

Directors' Report *(continued)*

Year ended 30 September 2020

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.

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

In accordance with the company's articles, a resolution proposing that Jeffrey's Henry LLP be reappointed as auditor of the group will be put at a 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 £1,700,000 (2019: £NIL).

This report was approved by the board of directors on 21 June 2021 and signed on behalf of the board by:



JM Dewhurst
Director



JR Bailey
Director



JM Dewhurst
Secretary

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 2020

Opinion

We have audited the financial statements of A&A Electrical Distributors Limited (the 'company') for the period ended 30 September 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

In connection with our audit of the financial statements, 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.

A&A Electrical Distributors Limited

Independent Auditor's Report to the Members of A&A Electrical Distributors Limited *(continued)*

Year ended 30 September 2020

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 report and the directors' report have been prepared in accordance with applicable legal requirements.

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, 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.

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.

A&A Electrical Distributors Limited

Independent Auditor's Report to the Members of A&A Electrical Distributors Limited *(continued)*

Year ended 30 September 2020

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 2021

A&A Electrical Distributors Limited

Income Statement

Year ended 30 September 2020

	Note	2020 £	2019 £
Turnover	3	11,085,870	11,760,174
Cost of sales		(6,544,641)	(7,086,033)
Gross profit		4,541,229	4,674,141
Administrative expenses		(2,427,340)	(2,222,350)
Other operating income	4	147,912	—
Operating profit	5	2,261,801	2,451,791
Other interest receivable and similar income	9	—	100
Interest payable and similar expenses	10	—	(11,903)
Profit before taxation		2,261,801	2,439,988
Tax on profit	11	(100,337)	(25,250)
Profit for the financial year		<u>2,161,464</u>	<u>2,414,738</u>

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 19 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Financial Position

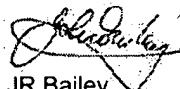
30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	6	6
Tangible assets	13	<u>182,758</u>	<u>243,162</u>
		182,764	243,168
Current assets			
Stocks	14	1,672,021	1,314,660
Debtors	15	2,563,938	2,673,954
Cash at bank and in hand		<u>1,039,961</u>	<u>584,982</u>
		5,275,920	4,573,596
Creditors: amounts falling due within one year	16	<u>(1,558,826)</u>	<u>(1,373,484)</u>
Net current assets		3,717,094	3,200,112
Total assets less current liabilities		3,899,858	3,443,280
Provisions	17	<u>(20,514)</u>	<u>(25,400)</u>
Net assets		<u>3,879,344</u>	<u>3,417,880</u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account		<u>3,879,343</u>	<u>3,417,879</u>
Shareholders funds		<u>3,879,344</u>	<u>3,417,880</u>

These financial statements were approved by the board of directors and authorised for issue on 21 June 2021, and are signed on behalf of the board by:



JM Dewhurst
Director



JR Bailey
Director

Company registration number: 10930308

The notes on pages 11 to 19 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Changes in Equity

Year ended 30 September 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2018	1	1,003,141	1,003,142
Profit for the year	—	2,414,738	2,414,738
Total comprehensive income for the year	—	2,414,738	2,414,738
At 30 September 2019	1	3,417,879	3,417,880
Profit for the year	—	2,161,464	2,161,464
Total comprehensive income for the year	—	2,161,464	2,161,464
Dividends paid and payable	—	(1,700,000)	(1,700,000)
Total investments by and distributions to owners	—	(1,700,000)	(1,700,000)
At 30 September 2020	<u>1</u>	<u>3,879,343</u>	<u>3,879,344</u>

The notes on pages 11 to 19 form part of these financial statements.

A&A Electrical Distributors Limited

Statement of Cash Flows

Year ended 30 September 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,161,464	2,414,738
<i>Adjustments for:</i>		
Depreciation of tangible assets	99,942	106,195
Other interest receivable and similar income	–	(100)
Interest payable and similar expenses	–	11,903
Gains on disposal of tangible assets	(16,230)	(7,700)
Tax on profit	100,337	25,250
<i>Changes in:</i>		
Stocks	(357,361)	(213,826)
Trade and other debtors	114,793	(15,085)
Trade and other creditors	89,399	(321,729)
Cash generated from operations	2,192,344	1,999,646
Interest paid	–	(11,903)
Interest received	–	100
Tax paid	(110,000)	(429,041)
Net cash from operating activities	2,082,344	1,558,802
Cash flows from investing activities		
Purchase of tangible assets	(39,538)	(256,955)
Proceeds from sale of tangible assets	16,230	7,700
Net cash used in investing activities	(23,308)	(249,255)
Cash flows from financing activities		
Proceeds from loans from group undertakings	95,943	(1,170,182)
Proceeds from loans from participating interests	–	(58,761)
Dividends paid	(1,700,000)	–
Net cash used in financing activities	(1,604,057)	(1,228,943)
Net increase in cash and cash equivalents	454,979	80,604
Cash and cash equivalents at beginning of year	584,982	504,378
Cash and cash equivalents at end of year	1,039,961	584,982

The notes on pages 11 to 19 form part of these financial statements.

A&A Electrical Distributors Limited

Notes to the Financial Statements

Year ended 30 September 2020

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:

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.

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.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

2. Accounting policies *(continued)*

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

Intangible 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

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.

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.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

2. Accounting policies *(continued)*

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.

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:

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

2. Accounting policies *(continued)*

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.

Grant income

The company has received government assistance income in the period as a result of the Covid-19 pandemic. Government grants are recognised where there is reasonable assurance that the grant will be received and that the company will comply with the conditions attached to them. Government grant has been recognised in other operating income (note 4).

3. Turnover

Turnover arises from:

	2020 £	2019 £
Sale of goods	<u>11,085,870</u>	<u>11,760,174</u>

Turnover analysed by geographical market:

	2020 £	2019 £
United Kingdom	10,886,032	11,540,772
Europe	91,032	107,683
Australia	101,815	111,719
Middle-East	6,991	—
	<u>11,085,870</u>	<u>11,760,174</u>

Overseas turnover amounted to 1.80% (2019: 1.87%) of the total turnover for the year.

4. Other operating income

	2020 £	2019 £
Other operating income	<u>147,912</u>	<u>—</u>

The company has utilised government furlough schemes. There are no unfulfilled conditions or contingencies attached to these grants.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Depreciation of tangible assets	99,942	106,195
(Gains)/Loss on disposal of tangible assets	(16,230)	(7,700)
Stock charged to profit or loss	5,975,575	5,759,715
Impairment of inventory	(12,985)	729,554
Impairment of trade debtors	23,712	9,742
Operating lease charge	185,819	220,000
Loss/(Gains) on foreign exchange	2,332	(802)

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	17,913	17,500
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	4,250	2,050

7. Staff costs

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

	2020	2019
	No.	No.
Manufacturing	26	25
Office and management	28	30
	54	55

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

	2020	2019
	£	£
Wages and salaries	1,880,415	1,792,907
Social security costs	169,322	162,765
Other pension costs	51,098	38,966
	2,100,835	1,994,638

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

8. Directors' remuneration

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

	2020	2019
	£	£
Remuneration	295,007	289,308

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

	2020	2019
	£	£
Wages and salaries	181,237	188,738
Pension	1,706	—
Benefits in kind	2,264	—
	185,207	188,738

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

One Director received pension payments into their defined contribution schemes totalling £1,706 (2019: £NIL).

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

	2020 £	2019 £
Interest on cash and cash equivalents	<u>—</u>	<u>100</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Interest due to group undertakings	<u>—</u>	<u>11,903</u>

11. Tax on profit

Major components of tax expense

	2020 £	2019 £
Current tax:		
UK current tax expense at 19% (2019: 19%)	105,223	1,396
Deferred tax:		
Origination and reversal of timing differences	(4,886)	23,854
Tax on profit	<u>100,337</u>	<u>25,250</u>

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

	2020 £	2019 £
Profit before tax	2,261,801	2,439,988
Tax on profit at standard corporation tax rate 19.00% (2019: 19.00%)	429,742	463,598
Effects of:		
Expenses not deductible for tax purposes	1,611	1,031
Group relief surrendered/(claimed)	(334,613)	(437,360)
Adjustments to tax charge in respect of previous periods	—	1,396
Adjustments to tax charge in respect of previous periods – deferred tax	545	—
Adjust closing deferred tax to average rate of 19.00%	—	(3,052)
Adjust opening deferred tax to average rate of 19.00%	—	182
Remeasurement of deferred tax for changes in tax rates	3,052	—
Deferred tax not recognised	—	(545)
Tax charge for the period	<u>100,337</u>	<u>25,250</u>

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

12. Intangible assets

	Total £
Cost	
At 1 October 2019 and 30 September 2020	<u>6</u>
Amortisation	
At 1 October 2019 and 30 September 2020	<u>–</u>
Carrying amount	
At 30 September 2020	<u>6</u>
At 30 September 2019	<u>6</u>

13. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 October 2019	1,311	216,438	151,495	369,244
Additions	28,000	11,538	–	39,538
Disposals	–	(8,625)	(15,433)	(24,058)
At 30 September 2020	<u>29,311</u>	<u>219,351</u>	<u>136,062</u>	<u>384,724</u>
Depreciation				
At 1 October 2019	43	67,650	58,389	126,082
Charge for the year	1,764	63,883	34,295	99,942
Disposals	–	(8,625)	(15,433)	(24,058)
At 30 September 2020	<u>1,807</u>	<u>122,908</u>	<u>77,251</u>	<u>201,966</u>
Carrying amount				
At 30 September 2020	<u>27,504</u>	<u>96,443</u>	<u>58,811</u>	<u>182,758</u>
At 30 September 2019	<u>1,268</u>	<u>148,788</u>	<u>93,106</u>	<u>243,162</u>

14. Stocks

	2020 £	2019 £
Work in progress	–	274
Finished goods and goods for resale	1,672,021	1,314,386
	<u>1,672,021</u>	<u>1,314,660</u>

15. Debtors

	2020 £	2019 £
Trade debtors	2,309,882	2,427,997
Amounts owed by group undertakings	1,011	1,767
Other debtors	585	687
Prepayments and accrued income	16,660	12,480
Corporation tax	235,800	231,023
	<u>2,563,938</u>	<u>2,673,954</u>

Included in trade debtors balance are specific provisions of £34,478 (2019: £10,095) in respect of impairment for bad debts.

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

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

16. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	694,137	271,054
Amounts owed to parent company	96,108	165
Social security and other taxes	393,297	452,293
Other creditors and accruals	375,284	649,972
	<u>1,558,826</u>	<u>1,373,484</u>

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

17. Provisions

	Total £
Deferred tax	
At 1 October 2019	25,400
Reduction in deferred tax provisions in the year	(4,886)
At 30 September 2020	<u>20,514</u>

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

	2020 £	2019 £
Accelerated capital allowances	20,514	25,400
Total provision	<u>20,514</u>	<u>25,400</u>

There are no unused tax losses or unused tax credits.

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £51,098 (2019: £38,966).

19. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. Operating leases

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

	2020 £	2019 £
Not later than 1 year	224,261	220,000
Later than 1 year and not later than 5 years	358,631	568,333
	<u>582,892</u>	<u>788,333</u>

The company had no other off-balance sheet arrangements.

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

21. Financial instruments

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

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,309,882	2,427,997
Amounts owed by group undertakings	1,011	1,767
Other debtors	585	687
	<u>2,311,478</u>	<u>2,430,451</u>
Financial liabilities measured at amortised cost		
Trade creditors	694,137	271,054
Amounts owed to parent company	96,108	165
	<u>790,245</u>	<u>271,219</u>

22. Analysis of changes in net debt

	At 1 Oct 2019 £	Cash flows £	At 30 Sep 2020 £
Cash at bank and in hand	584,982	454,979	1,039,961
	<u>584,982</u>	<u>454,979</u>	<u>1,039,961</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.

24. Controlling party

The immediate parent undertaking is Dewhurst plc. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Dewhurst plc. Copies of the parent company financial statements can be obtained from Dewhurst plc's website www.dewhurst.plc.uk. Copies of A&A's financial statements can be obtained free of charge from Companies House www.companieshouse.gov.uk.

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