

COMPANY REGISTRATION NUMBER: 10930308

A&A Electrical Distributors Limited
Financial Statements
30 September 2021

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A&A Electrical Distributors Limited

Financial Statements

Year ended 30 September 2021

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A&A Electrical Distributors Limited

Strategic Report

Year ended 30 September 2021

A&A saw steady growth in demand through the year, however the upward pressure on costs meant that profits were slightly reduced.

We continued to work on our E-Commerce platform and this launched for general use late in the year. The site provides the end user with real time information on stock and availability, which is an enormous benefit to our customers.

During the year we tied up a deal with Prysmian to distribute escalator products for Draka EHC. The focus of this agreement is escalator handrails and other associated escalator components. This is a very exciting new opportunity and gives us the ability to broaden our product offering within the Lift Industry.

Key performance indicators

Turnover for the year amounted to £11,810,961 (2020: 11,085,870) and the profit before tax for the year amounted to £2,050,096 (2020: £2,261,801).

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 99% (2020: 96%).

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. 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.

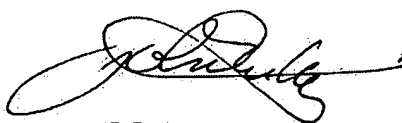
Loss of a key customer. Because the company tends to operate in niche markets there are limited numbers of major customers in some of these markets.

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

This report was approved by the board of directors on 17 February 2022 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 2021

The directors present their report and the financial statements of the company for the year ended 30 September 2021.

Directors

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

D Dewhurst
JM Dewhurst
JR Bailey
RM Dewhurst
L Joao

(Appointed 1 November 2021)

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 £1,409,970 (2020: £1,039,961) is made up of cash of £1,409,970 (2020: £1,039,961) and short-term deposits of £NIL (2020: £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.

A&A Electrical Distributors Limited

Directors' Report *(continued)*

Year ended 30 September 2021

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.

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 Jeffreys Henry LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

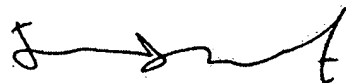
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

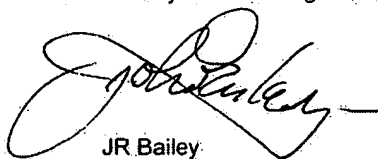
Dividends

The directors declared and paid dividends totalling £1,350,000 (2020: £1,700,000).

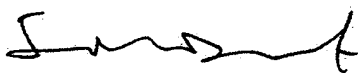
This report was approved by the board of directors on 17 February 2022 and signed on behalf of the board by:



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 2021

Opinion

We have audited the financial statements of A&A Electrical Distributors Limited (the 'company') for the year ended 30 September 2021 which comprise the Statement of Income, 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practices; 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 director's 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.

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 and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and directors' report has 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 (continued)

Year ended 30 September 2021

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 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 by the company, 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:

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.

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.

A&A Electrical Distributors Limited

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

Year ended 30 September 2021

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 or collusion.

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 this 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 (Statutory Auditors)
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

17 February 2022

A&A Electrical Distributors Limited

Income Statement

Year ended 30 September 2021

	Note	2021 £	2020 £
Turnover	3	11,810,961	11,085,870
Cost of sales		(7,306,938)	(6,544,641)
Gross profit		4,504,023	4,541,229
Administrative expenses		(2,460,013)	(2,427,340)
Other operating income	4	3,205	147,912
Operating profit	5	2,047,215	2,261,801
Other interest receivable and similar income	9	2,881	—
Profit before taxation		2,050,096	2,261,801
Tax on profit	10	(330,675)	(100,337)
Profit for the financial year		1,719,421	2,161,464

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.

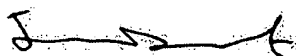
A&A Electrical Distributors Limited

Statement of Financial Position

30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	6	6
Tangible assets	12	128,449	182,758
		<u>128,455</u>	<u>182,764</u>
Current assets			
Stocks	13	2,094,870	1,672,021
Debtors	14	2,142,180	2,563,938
Cash at bank and in hand		1,409,970	1,039,961
		<u>5,647,020</u>	<u>5,275,920</u>
Creditors: amounts falling due within one year	15	<u>(1,505,647)</u>	<u>(1,558,826)</u>
Net current assets		<u>4,141,373</u>	<u>3,717,094</u>
Total assets less current liabilities		<u>4,269,828</u>	<u>3,899,858</u>
Provisions	16	<u>(21,063)</u>	<u>(20,514)</u>
Net assets		<u>4,248,765</u>	<u>3,879,344</u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		<u>4,248,764</u>	<u>3,879,343</u>
Shareholders funds		<u>4,248,765</u>	<u>3,879,344</u>

These financial statements were approved by the board of directors and authorised for issue on 17 February 2022, 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 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 October 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:	 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	–	(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

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 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,719,421	2,161,464
<i>Adjustments for:</i>		
Depreciation of tangible assets	99,057	99,942
Other interest receivable and similar income	(2,881)	—
Gains on disposal of tangible assets	(16,128)	(16,230)
Tax on profit	330,675	100,337
<i>Changes in:</i>		
Stocks	(422,849)	(357,361)
Trade and other debtors	185,957	114,793
Trade and other creditors	(115,404)	89,399
Cash generated from operations	1,777,848	2,192,344
Tax paid	—	(110,000)
Net cash from operating activities	<u>1,777,848</u>	<u>2,082,344</u>
Cash flows from investing activities		
Purchase of tangible assets	(45,794)	(39,538)
Proceeds from sale of tangible assets	17,174	16,230
Net cash used in investing activities	<u>(28,620)</u>	<u>(23,308)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	(29,219)	95,943
Dividends paid	(1,350,000)	(1,700,000)
Net cash used in financing activities	<u>(1,379,219)</u>	<u>(1,604,057)</u>
Net increase in cash and cash equivalents	370,009	454,979
Cash and cash equivalents at beginning of year	1,039,961	584,982
Cash and cash equivalents at end of year	<u>1,409,970</u>	<u>1,039,961</u>

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 2021

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 2021

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 2021

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 2021

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:

	2021 £	2020 £
Sale of goods	<u>11,810,961</u>	<u>11,085,870</u>

Turnover analysed by geographical market:

	2021 £	2020 £
United Kingdom	11,566,169	10,886,032
Europe	107,421	91,032
Australia	137,371	101,815
Middle-East	–	6,991
	<u>11,810,961</u>	<u>11,085,870</u>

4. Other operating income

	2021 £	2020 £
Other operating income	<u>3,205</u>	<u>147,912</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 2021

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021 £	2020 £
Depreciation of tangible assets	99,057	99,942
(Gains)/Loss on disposal of tangible assets	(16,128)	(16,230)
Stock charged to profit or loss	6,658,910	5,975,575
Impairment of inventory	-	(12,985)
Impairment of trade debtors	(5,339)	23,712
Operating lease charge	224,261	185,819
Loss/(Gains) on foreign exchange	(16,794)	2,332

6. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	18,300	17,913
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	3,650	4,250

7. Staff costs

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

	2021 No.	2020 No.
Production staff	21	26
Administrative staff	26	28
	47	54

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

	2021 £	2020 £
Wages and salaries	1,862,181	1,880,415
Social security costs	169,268	169,322
Other pension costs	50,995	51,098
	2,082,444	2,100,835

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

8. Directors' remuneration

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

	2021 £	2020 £
Wages and salaries	302,401	284,571
Pension	8,705	7,594
Benefits in kind	11,520	2,842
	322,626	295,007

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

8. Directors' remuneration *(continued)*

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

	2021	2020
	£	£
Wages and salaries	191,276	181,237
Pension	1,756	1,706
Benefits in kind	2,192	2,264
	<u>195,224</u>	<u>185,207</u>

One Director received pension payments into their defined contribution schemes totalling £1,756 (2020: £1,706).

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

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>2,881</u>	<u>–</u>

10. Tax on profit

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense at 19% (2020: 19%)	330,126	105,223
Deferred tax:		
Origination and reversal of timing differences	549	(4,886)
Tax on profit	<u>330,675</u>	<u>100,337</u>

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

	2021	2020
	£	£
Profit before tax	2,050,096	2,261,801
Tax on profit at standard corporation tax rate 19.00% (2019: 19.00%)	389,518	429,742
Effects of:		
Expenses not deductible for tax purposes	1,056	1,611
Group relief surrendered/(claimed)	(46,556)	(334,613)
Adjustments to tax charge in respect of previous periods	(18,399)	–
Adjustments to tax charge in respect of previous periods – deferred tax	–	545
Remeasurement of deferred tax for changes in tax rates	5,056	3,052
Tax charge for the period	<u>330,675</u>	<u>100,337</u>

A&A Electrical Distributors Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2021

11. Intangible assets

	Total £
Cost	
At 1 October 2020 and 30 September 2021	<u>6</u>
Amortisation	
At 1 October 2020 and 30 September 2021	<u>-</u>
Carrying amount	
At 30 September 2021	<u>6</u>
At 30 September 2020	<u>6</u>

12. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 October 2020	29,311	219,351	136,062	384,724
Additions	-	45,794	-	45,794
Disposals	-	-	(22,646)	(22,646)
At 30 September 2021	<u>29,311</u>	<u>265,145</u>	<u>113,416</u>	<u>407,872</u>
Depreciation				
At 1 October 2020	1,807	122,908	77,251	201,966
Charge for the year	2,931	70,434	25,692	99,057
Disposals	-	-	(21,600)	(21,600)
At 30 September 2021	<u>4,738</u>	<u>193,342</u>	<u>81,343</u>	<u>279,423</u>
Carrying amount				
At 30 September 2021	<u>24,573</u>	<u>71,803</u>	<u>32,073</u>	<u>128,449</u>
At 30 September 2020	<u>27,504</u>	<u>96,443</u>	<u>58,811</u>	<u>182,758</u>

13. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>2,094,870</u>	<u>1,672,021</u>

14. Debtors

	2021 £	2020 £
Trade debtors	2,072,726	2,309,882
Amounts owed by group undertakings	272	1,011
Other debtors	1,053	585
Prepayments and accrued income	68,129	16,660
Corporation tax	-	235,800
	<u>2,142,180</u>	<u>2,563,938</u>

Included in trade debtors balance are specific provisions of £34,478 (2020: £34,478) 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 2021

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	737,561	694,137
Amounts owed to group undertakings	66,889	96,108
Corporation tax	91,445	–
Social security and other taxes	295,376	393,297
Other creditors and accruals	314,376	375,284
	<u>1,505,647</u>	<u>1,558,826</u>

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

16. Provisions

	£
Deferred tax	
At 1 October 2020	20,514
Addition to deferred tax provisions in the year	549
At 30 September 2021	<u>21,063</u>

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

	2021	2020
	£	£
Accelerated capital allowances	21,063	20,514
Total provision	<u>21,063</u>	<u>20,514</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 £50,995 (2020: £51,098).

18. Called up share capital

Issued, called up and fully paid

	2021		2020	
	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.

19. Operating leases

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

	2021	2020
	£	£
Not later than 1 year	224,261	224,261
Later than 1 year and not later than 5 years	134,370	358,631
	<u>358,631</u>	<u>582,892</u>

A&A Electrical Distributors Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2021

20. Financial instruments

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

	2021 £	2020 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	2,072,726	2,309,882
Amounts owed by group undertakings	272	1,011
Other debtors	1,053	585
	<u>2,074,051</u>	<u>2,311,478</u>
Financial liabilities measured at amortised cost		
Trade creditors	737,561	694,137
Amounts owed to parent company	66,889	96,108
	<u>804,450</u>	<u>790,245</u>

21. Analysis of changes in net debt

	At 1 Oct 2020 £	Cash flows £	At 30 Sep 2021 £
Cash at bank and in hand	1,039,961	370,009	1,409,970
	<u>1,039,961</u>	<u>370,009</u>	<u>1,409,970</u>

22. Dividends

	2021 £	2020 £
Dividends paid during the year	<u>1,350,000</u>	<u>1,700,000</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.

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.