

Registration number: 87654321

AAAAA Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2009

Evaluation

DEF LLP
Auditors
DEF House
Sample Town
ST12 0ZZ

AAAAA Limited
Company Information

Directors	A A Green B B Black
Company secretary	C C Smith
Registered office	Sample House Sample Town ST9 9ZY
Auditors	DEF LLP Auditors DEF House Sample Town ST12 0ZZ

Evaluation

AAAAA Limited
Directors' Report for the Year Ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009.

Directors of the company

The directors who held office during the year were as follows:

A A Green

B B Black

Principal activity

The principal activity of the company is As predicted last year the manufacture of widgets for BigCorp during the year stabilised at a lower level than hitherto The resultant available capacity was principally taken up with the successful completion of a large scale (£4m) micro widget project and increased activity in other areas.

Business review

Fair review of the business

Investment in the AAAAA China facility has commenced and anticipates production in the coming financial year

The company continues to strive to be a 'best in class' supplier of components for OEM's and hence considers improvement in Key Performance Indicators of on-time delivery and quality performance to be fundamental to this strategy The year's performance has enabled the company to maintain Its status as a category A supplier to its principal customer

The company's key financial and other performance indicators during the year were as follows:

	Unit	2009	2008
Return on turnover "Operating Profit/Turnover)	%	10	7
Gross Margin	%	17	14
Quality incidents as a percentahe of total deliveries in the year	%	1	2
Percentage of on-time deliveries in the year	%	93	95

Principal risks and uncertainties

The principal risks and uncertainties facing the company include the acceptance by end customers of its products, changes in customer requirements and in levels of demand in the market, competitive pressure on pricing, delivery or technology, utility costs, changes in government legislation, and overall economic conditions

Financial instruments

Objectives and policies

The company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk

The company's principal financial instruments comprise cash and bank deposits, bank loans and overdrafts and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations The company has not entered into derivative transactions, with the exception of foreign exchange contracts in the normal course of trade, nor does it trade in financial instruments as a matter of policy

The main risks arising from the company's financial instruments can be analysed as follows

AAAAA Limited

Directors' Report for the Year Ended 31 December 2009

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Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

The company's principal financial assets are bank balances, cash, and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets

Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Foreign currency risk

The company's principal exposure to exchange rate fluctuations arises on the translation of receipts arising from contracts denominated in Euros and US dollars

Where naturally hedging with other group companies is not possible the company seeks to mitigate exchange exposure by entering into forward foreign currency contracts to eliminate exposures on material sales or purchases denominated in foreign currency

The company has no forward sale contracts at 31 December 2009 or 31 December 2008

Cash flow interest rate risk

The company finances its operations where necessary through bank loans, overdrafts and hire purchase facilities principally at variable rates at negotiated fine margins using the pooling of the Group's requirements to achieve this

Liquidity risk

The company's liquidity is maintained through a combination of debtor financing for working capital needs and hire purchase facilities for medium term requirements

Research and development

During the year £82,565 (2008 £195,290) of development costs were capitalised as an intangible fixed asset. These costs arise from work in developing products for alternate energy production and for the expansion of the company's widget capabilities

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of DEF LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The Directors' Report has been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

AAAAA Limited

Directors' Report for the Year Ended 31 December 2009

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Approved by the Board on 4 March 2010 and signed on its behalf by:

.....
B B Black
Director

Evaluation

AAAAA Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Independent Auditor's Report to the Members of AAAAA Limited

We have audited the financial statements of AAAAA Limited for the year ended 31 December 2009, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
AAAAA Limited**

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Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

.....
(Senior Statutory Auditor)

For and on behalf of DEF LLP, Statutory Auditors

DEF House
ST12 0ZZ

4 March 2010

AAAAA Limited
Profit and Loss Account for the Year Ended 31 December 2009

	Note	2009 £	2008 £
Turnover	2	16,613,551	19,195,013
Cost of sales		<u>(13,819,379)</u>	<u>(16,524,490)</u>
Gross profit		2,794,172	2,670,523
Distribution costs		(221,780)	(260,471)
Administrative expenses		<u>(862,719)</u>	<u>(1,057,994)</u>
Operating profit	3	<u>1,709,673</u>	<u>1,352,058</u>
Profit on ordinary activities before investment income and interest		1,709,673	1,352,058
Other interest receivable and similar income	5	372	1,876
Interest payable and similar charges	6	<u>(81,149)</u>	<u>(117,176)</u>
Profit on ordinary activities before taxation		1,628,896	1,236,758
Tax on profit or loss on ordinary activities	7	<u>(212,422)</u>	<u>(337,173)</u>
Profit for the financial year		<u><u>1,416,474</u></u>	<u><u>899,585</u></u>

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 21 form an integral part of these financial statements.

AAAAA Limited
(Registration number: 87654321)
Balance Sheet at 31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Intangible fixed assets	8	406,383	363,958
Tangible fixed assets	9	3,542,723	3,792,075
		<u>3,949,106</u>	<u>4,156,033</u>
Current assets			
Stocks	10	2,195,092	2,410,817
Debtors	11	4,522,203	3,385,253
Cash at bank and in hand		66,330	35,082
		<u>6,783,625</u>	<u>5,831,152</u>
Creditors: Amounts falling due within one year	12	(5,003,464)	(4,590,691)
Net current assets		<u>1,780,161</u>	<u>1,240,461</u>
Total assets less current liabilities		5,729,267	5,396,494
Creditors: Amounts falling due after more than one year	13	(592,949)	(959,560)
Provisions for liabilities	14	(148,112)	(165,202)
Net assets		<u><u>4,988,206</u></u>	<u><u>4,271,732</u></u>
Capital and reserves			
Called up share capital	15	3,981,190	3,981,190
Profit and loss account	18	1,007,016	290,542
		<u><u>4,988,206</u></u>	<u><u>4,271,732</u></u>

The financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 4 March 2010 and signed on its behalf by:

.....
B B Black
Director

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis.

Turnover

Turnover represents amounts chargeable in respect of the sale of goods and services to customers.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

[Amortisation rates](#)

Depreciation

Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit.

Asset class	Depreciation method and rate
Freehold buildings	2.0% straight line
Plant and machinery	12.5% straight line
Motor vehicles	25.0% straight line
Computers	33.0% straight line
Fixtures, fittings and office equipment	12.5% straight line

Research and development

Research expenditure is written off in the year of expenditure. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period which the company is expected to benefit. This period is between three and five years. Amortisation does not start until the project is complete. Provision is made for any impairment.

Stocks, work in progress and long-term contracts

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price less any further costs of realisation.

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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Deferred tax

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at that date.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after one year.

Assets are depreciated over the shorter of the lease term and their useful economic life, in the case of assets held under hire purchase agreements they are depreciated over their useful economic life.

Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of charge on the outstanding balance.

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

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Pensions

Liabilities under the defined contribution pension scheme are charged to the profit and loss account in the year in which they arise.

2 Turnover

During the year 0.63% of the company's turnover related to exports (2008 - 6.16%).

3 Operating profit / loss

Operating profit/loss is stated after charging:

	2009 £	2008 £
Operating leases - other assets	6,922	10,445
Auditor's remuneration - The audit of the company's annual accounts	16,500	16,500
(Profit)/loss on sale of tangible fixed assets	(9,596)	(2,108)
Depreciation of owned assets	279,468	241,176
Depreciation of assets held under finance lease and hire purchase contracts	167,234	202,824
Amortisation	40,140	40,000

4 Directors' remuneration

The directors' remuneration for the year was as follows:

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

..... continued

	2009 £	2008 £
Remuneration	<u>240,321</u>	<u>267,040</u>

5 Other interest receivable and similar income

	2009 £	2008 £
Bank interest receivable	<u>372</u>	<u>1,876</u>

6 Interest payable and similar charges

	2009 £	2008 £
Interest on bank borrowings	23,386	49,178
Other interest payable	<u>57,763</u>	<u>67,998</u>
	<u>81,149</u>	<u>117,176</u>

7 Taxation

Tax on profit on ordinary activities

	2009 £	2008 £
Current tax		
Corporation tax charge	303,243	104,037
Double taxation relief	<u>135,798</u>	<u>249,611</u>
UK Corporation tax	<u>439,041</u>	<u>353,648</u>
Deferred tax		
Origination and reversal of timing differences	(24,878)	(35,114)
Deferred tax adjustment relating to previous years	(209,529)	30,830
Effect of changes in tax rates	<u>7,788</u>	<u>(12,191)</u>
Total deferred tax	<u>(226,619)</u>	<u>(16,475)</u>
Total tax on profit on ordinary activities	<u>212,422</u>	<u>337,173</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2008 - higher than) the standard rate of corporation tax in the UK of 28% (2008 - 28.5%).

The differences are reconciled below:

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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	2009 £	2008 £
Profit on ordinary activities before taxation	1,628,896	1,236,758
Corporation tax at standard rate	456,091	352,476
Accelerated capital allowances	29,104	8,116
Movement in short term timing differences	(4,226)	14,516
Expenses not deductible for tax purposes	13,300	13,116
Adjustments to tax charge in respect of prior periods	(264,757)	(3,746)
Total current tax	229,512	384,478

8 Intangible fixed assets

	Development costs £	Total £
Cost		
At 1 January 2009	415,682	415,682
Additions	82,565	82,565
At 31 December 2009	498,247	498,247
Amortisation		
At 1 January 2009	51,724	51,724
Charge for the year	40,140	40,140
At 31 December 2009	91,864	91,864
Net book value		
At 31 December 2009	406,383	406,383
At 31 December 2008	363,958	363,958

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2009	2,067,544	9,374,695	927,564	12,369,803
Additions	-	172,975	24,375	197,350
Disposals	-	(52)	(14,820)	(14,872)
At 31 December 2009	2,067,544	9,547,618	937,119	12,552,281
Depreciation				
At 1 January 2009	72,887	7,678,365	826,476	8,577,728
Charge for the year	23,403	376,311	46,988	446,702
Eliminated on disposals	-	(52)	(14,820)	(14,872)
At 31 December 2009	96,290	8,054,624	858,644	9,009,558
Net book value				
At 31 December 2009	1,971,254	1,492,994	78,475	3,542,723
At 31 December 2008	1,994,657	1,696,330	101,088	3,792,075

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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Finance lease assets

Included within the net book value of tangible fixed assets is £1,096,616 (2008 - £1,116,671) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £167,234 (2008 - £202,824).

Evaluation

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

..... *continued*

10 Stocks

	2009 £	2008 £
Stocks	<u>2,195,092</u>	<u>2,410,817</u>

11 Debtors

	2009 £	2008 £
Trade debtors	3,186,522	2,231,517
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	822,706
Amounts recoverable on long term contracts	892,193	-
Other debtors	<u>443,488</u>	<u>331,030</u>
	<u>4,522,203</u>	<u>3,385,253</u>

12 Creditors: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	1,978,195	2,782,060
Bank loans and overdrafts	331,701	241,815
Amounts owed to group undertakings and undertakings in which the company has a participating interest	804,594	-
Corporation tax	198,508	134,978
Other taxes and social security	603,843	423,600
Other creditors	<u>1,086,623</u>	<u>1,008,238</u>
	<u>5,003,464</u>	<u>4,590,691</u>

13 Creditors: Amounts falling due after more than one year

	2009 £	2008 £
Other creditors	<u>592,949</u>	<u>959,560</u>

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

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Obligations under finance leases and HP contracts

Amounts repayable:

	2009 £	2008 £
In one year or less on demand	462,838	429,504
Between two and five years	592,949	959,560
	<u>1,055,787</u>	<u>1,389,064</u>

14 Provisions

	Deferred tax £	Total £
At 1 January 2009	148,112	148,112
At 31 December 2009	<u>148,112</u>	<u>148,112</u>

Analysis of deferred tax

	2009 £	2008 £
Difference between accumulated depreciation and amortisation and capital allowances	148,112	177,215
Other timing differences	-	(12,013)
	<u>148,112</u>	<u>165,202</u>

15 Share capital

Allotted, called up and fully paid shares

	2009		2008	
	No.	£	No.	£
Ordinary of £1.00 each	<u>3,981,190</u>	<u>3,981,190</u>	<u>3,981,190</u>	<u>3,981,190</u>

16 Dividends

	2009 £	2008 £
Dividends paid		
Prior year final dividend paid	<u>700,000</u>	<u>1,000,000</u>

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

..... continued

17 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Profit attributable to the members of the company	1,416,474	899,585
Dividends	(700,000)	(1,000,000)
Net addition/(reduction) to shareholders' funds	716,474	(100,415)
Shareholders' funds at 1 January	4,271,732	4,372,147
Shareholders' funds at 31 December	4,988,206	4,271,732

18 Reserves

	Profit and loss account £	Total £
At 1 January 2009	290,542	290,542
Profit for the year	1,416,474	1,416,474
Dividends	(700,000)	(700,000)
At 31 December 2009	1,007,016	1,007,016

19 Contingent liabilities

The company is party to a cross guarantee in favour of Large Bank Plc entered into by the parent company, AAAAA Parent Ltd The amount guaranteed is £nil (2008 - £nil).

20 Commitments

Operating lease commitments

As at 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2009 £	2008 £
Other		
Within one year	4,575	10,445

AAAAA Limited

Notes to the Financial Statements for the Year Ended 31 December 2009

..... continued

21 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

22 Control

The company is controlled by The immediate and ultimate holding company and controlling party of this company is AAAAA Parent Ltd which is registered in England and Wales Copies of the group accounts may be obtained from the Secretary, Parent House, Parent Road, Parent Town, PT1 GRP .