CLIENT: **AAAAA LIMITED** **AAAAA**

Prepared on 1 January 2013 Period End: **31 December 2009**

**AUDIT WORKING PAPERS**

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|  |  |
| --- | --- |
| **File ref:** | **.\_\_\_** |

|  |  |
| --- | --- |
|  | **Goodwill** |
|  | **£** |

**COST**

|  |  |
| --- | --- |
| At 1 January 2009 | **415,682** |
| Additions | **82,565** |
|  | ------------------------------------ |
| **At 31 December 2009** | **498,247** |
|  | ==================================== |

**AMORTISATION**

|  |  |
| --- | --- |
| At 1 January 2009 | **51,724** |
| Charge for the year | **40,140** |
|  | ------------------------------- |
| **At 31 December 2009** | **91,864** |
|  | =============================== |

**NET BOOK VALUE**

|  |  |
| --- | --- |
| **At 31 December 2009** | **406,383** |
|  | ==================================== |
| At 31 December 2008 | 363,958 |
|  | ==================================== |

**CONCLUSION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **File ref:** | **A.\_\_\_** | **A.\_\_\_** | **A.\_\_\_** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Freehold Property** | **Fixtures & Fittings** | **Motor Vehicles** | **Total** |
|  | **£** | **£** | **£** | **£** |

**COST**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| At 1 January 2009 | 2,067,544 | 927,564 | 9,374,695 | 12,369,803 |
| Additions | - | 24,375 | 172,975 | 197,350 |
| Disposals | - | (14,820) | (52) | (14,872) |
|  | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- | --------------------------------------------------- |
| **At 31 December 2009** | 2,067,544 | 937,119 | 9,547,618 | 12,552,281 |
|  | ============================================== | ==================================== | ============================================== | =================================================== |

**DEPRECIATION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| At 1 January 2009 | 72,887 | 826,476 | 7,678,365 | 8,577,728 |
| Charge for the year | 23,403 | 46,988 | 376,311 | 446,702 |
| On disposals | - | (14,820) | (52) | (14,872) |
|  | ------------------------------- | ------------------------------------ | ---------------------------------------------- | ---------------------------------------------- |
| **At 31 December 2009** | 96,290 | 858,644 | 8,054,624 | 9,009,558 |
|  | =============================== | ==================================== | ============================================== | ============================================== |

**NET BOOK VALUE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **At 31 December 2009** | 1,971,254 | 78,475 | 1,492,994 | 3,542,723 |
|  | ============================================== | =============================== | ============================================== | ============================================== |
| At 31 December 2008 | 1,994,657 | 101,088 | 1,696,330 | 3,792,075 |
|  | ============================================== | ==================================== | ============================================== | ============================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **Raw materials** | **C.\_\_\_** | 147,996 | 182,290 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Work in progress** | **C.\_\_\_** | 2,046,481 | 2,227,691 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Finished goods** | **C.\_\_\_** | 615 | 836 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
|  |  | 2,195,092 | 2,410,817 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Payments on account** |  | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **Total stock** |  | 2,195,092 | 2,410,817 |
|  |  | ============================================== | ============================================== |

RATIO ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
| Stock turnover ratio % (C.O.S./Stocks) |  | 6.30 | 6.85 |
|  |  | ==================== | ==================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **Trade debtors** | **D.\_\_\_** | 3,186,522 | 4,466,084 |
| **Amounts owed by group companies** | **D.\_\_\_** | - | 822,706 |
| **Other debtors** | **D.\_\_\_** | 892,693 | 2,650 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Prepayments and accrued income** | **D.\_\_\_** | 442,988 | 328,380 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Deferred tax** |  | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **Total debtors** |  | 4,522,203 | 5,619,820 |
|  |  | ============================================== | ============================================== |

|  |  |  |  |
| --- | --- | --- | --- |
| Turnover |  | 16,613,551 | 21,429,580 |
|  |  | =================================================== | =================================================== |

RATIO ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
| Trade debtors credit ratio (in days) |  | 60 | 65 |
|  |  | =============== | =============== |

(assuming all turnover is standard rated for VAT)

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| Building Society deposit accounts |  | - | - |
| Bank deposit accounts |  | - | - |
| Building Society current accounts |  | - | - |
| Bank current accounts |  | - | - |
| Cash in hand |  | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | --------------- | --------------- |
| **Total cash and bank balances** |  | - | - |
|  |  | =============== | =============== |

**OVERDRAWN BALANCES ON BANK LOANS AND OVERDRAFTS:**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| Bank current accounts | **E.\_\_\_** | (265,371) | (206,733) |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ------------------------------------ | ------------------------------------ |
| **Total short-term bank and cash account borrowings** |  | (265,371) | (206,733) |
|  |  | ==================================== | ==================================== |

RATIO ANALYSIS

|  |  |  |
| --- | --- | --- |
| Current ratio (Current assets/Current liabilities) | 1.36 | 1.76 |
|  | ==================== | ==================== |

|  |  |  |
| --- | --- | --- |
| Quick ratio (Current assets excluding Stocks/Current liabilities) | 0.92 | 1.23 |
|  | ==================== | ==================== |

**CONCLUSION**

**2009** 2008

**£** **£** £ £

**File**

**Ref.** **<1 Yr** **>1 Yr** **<1 Yr** **>1 Yr**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Bank loans and overdrafts | **E.\_\_\_** | 265,371 | - | 206,733 | - |
| Trade creditors | **G.\_\_\_** | 1,978,195 | - | 2,782,060 | - |
|  |  | ---------------------------------------------- | --------------- | ---------------------------------------------- | --------------- |
| Sub-total |  | 2,243,566 | - | 2,988,793 | - |
|  |  | ---------------------------------------------- | --------------- | ---------------------------------------------- | --------------- |

**Other creditors:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Corporation tax | **G.\_\_\_** | 198,508 | - | 134,978 | - |
| PAYE and social security |  | - | - | - | - |
| VAT | **G.\_\_\_** | 603,843 | - | 423,600 | - |
| Obligations under HP and finance leases | **G.\_\_\_** | 462,838 | 592,949 | 429,504 | 959,560 |
| Shares classified as financial liabilities |  | - | - | - | - |
| Shares classified as financial liabilities (share premium) |  | - | - | - | - |
| Shares classified as financial liabilities (other reserves) |  | - | - | - | - |
| Dividends payable |  | - | - | - | - |
| Other | **G.\_\_\_** | 452,680 | - | 415,262 | - |
| Directors loan accounts |  | - | - | - | - |
|  | | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- | ------------------------------------ |
| "Other creditors" sub-total | | 1,717,869 | 592,949 | 1,403,344 | 959,560 |
|  | | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- | ------------------------------------ |
| Accruals & deferred income | **G.\_\_\_** | 171,105 | - | 163,472 | - |
|  |  | ---------------------------------------------- | ------------------------------------ | ---------------------------------------------- | ------------------------------------ |
| **Total creditors** |  | 4,132,540 | 592,949 | 4,555,609 | 959,560 |
|  |  | ============================================== | ==================================== | ============================================== | ==================================== |

RATIO ANALYSIS

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Trade creditors credit ratio (in days) | 70 |  | 62 |  |
|  | =============== |  | =============== |  |

(assuming trade creditors all relate to VATable purchases)

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| Bank loans and overdrafts |  | - | - |
| Trade creditors |  | - | - |
| Amounts owed to group companies |  | - | - |

Amounts owed to undertakings in which

the company has a participating

|  |  |  |  |
| --- | --- | --- | --- |
| interest |  | - | - |
|  |  | --------------- | --------------- |
| Sub-total |  | - | - |
|  |  | --------------- | --------------- |

**Other creditors:**

|  |  |  |  |
| --- | --- | --- | --- |
| Corporation tax |  | - | - |
| Obligations under HP/finance leases | **G.\_\_\_** | 592,949 | 959,560 |
| Shares classed as financial liabilities |  | - | - |
| Shares classed as financial liabilities > 1yr (share premium) |  | - | - |
| Shares classed as financial liabilities > 1yr (other reserves) |  | - | - |
| Other |  | - | - |
| Directors loan accounts |  | - | - |
|  |  | ------------------------------------ | ------------------------------------ |
| "Other creditors" sub-total |  | 592,949 | 959,560 |
|  |  | ------------------------------------ | ------------------------------------ |

|  |  |  |  |
| --- | --- | --- | --- |
| Accruals and deferred income |  | - | - |
|  |  | --------------- | --------------- |

|  |  |  |  |
| --- | --- | --- | --- |
| **Total creditors over one year** |  | 592,949 | 959,560 |
|  |  | ==================================== | ==================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **Pensions** |  | - | - |
| **Deferred tax** | **I A** | 148,112 | 165,202 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Other provisions** |  | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
| **Government grants** |  | - | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ------------------------------------ | ------------------------------------ |
| **Total provisions** |  | 148,112 | 165,202 |
|  |  | ==================================== | ==================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

**CHARGE FOR YEAR**:

|  |  |  |  |
| --- | --- | --- | --- |
| Corporation tax for the year | **I.\_\_\_** | 439,041 | 353,648 |
| Over/under provisions in prior years | **I.\_\_\_** | (209,529) | 30,830 |
|  |  | ------------------------------------ | ------------------------------------ |
|  |  | 229,512 | 384,478 |
| Deferred tax charge/(recovery) | **I.\_\_\_** | (17,090) | (47,305) |
|  |  | ------------------------------------ | ------------------------------------ |
| Total tax charge to P & L account |  | 212,422 | 337,173 |
|  |  | ==================================== | ==================================== |

**BALANCE SHEET POSITION -** **CORPORATION TAX**

|  |  |  |  |
| --- | --- | --- | --- |
| Corporation tax creditor brought forward |  | 134,978 | - |
| C.T. charge for the year as above |  | 229,512 | 384,478 |
| Payments |  | (165,982) | (249,500) |
|  |  | ------------------------------------ | ------------------------------------ |
| Balance carried forward | **I.\_\_\_** | 198,508 | 134,978 |
|  |  | ==================================== | ==================================== |

**BALANCE SHEET POSITION - DEFERRED TAXATION**

|  |  |  |  |
| --- | --- | --- | --- |
| Provision brought forward |  | 165,202 | 212,507 |
| Charge for year as above |  | (17,090) | (47,305) |
|  |  | ------------------------------------ | ------------------------------------ |
| Provision carried forward | **I.\_\_\_** | 148,112 | 165,202 |
|  |  | ==================================== | ==================================== |

Analysed as follows:

Excess of capital allowances for taxation

|  |  |  |  |
| --- | --- | --- | --- |
| purposes over depreciation charged |  | 148,112 | 165,202 |
|  |  | ==================================== | ==================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **Called up share capital: Equity** | **J.\_\_\_** | 3,981,190 | 3,981,190 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Profit and loss account** | **J.\_\_\_** | 1,007,016 | 2,525,109 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| **SHAREHOLDERS FUNDS** |  | 4,988,206 | 6,506,299 |
|  |  | ============================================== | ============================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **PROFIT AND LOSS ACCOUNT:** | **K.\_\_\_** |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Balance brought forward |  | 290,542 | 390,957 |
| Retained profit | **K.\_\_\_** | 1,416,474 | 3,134,152 |
| Equity dividends paid | **K.\_\_\_** | (700,000) | (1,000,000) |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Balance carried forward |  | 1,007,016 | 2,525,109 |
|  |  | ============================================== | ============================================== |

**CONCLUSION**

**File** **2009** 2008

**Ref.** £ £

|  |  |  |  |
| --- | --- | --- | --- |
| **Turnover** | **M.\_\_\_** | 16,613,551 | 21,429,580 |
| **Cost of sales** | **M.\_\_\_** | 13,819,379 | 16,524,490 |
|  |  | --------------------------------------------------- | --------------------------------------------------- |
| Gross Profit |  | 2,794,172 | 4,905,090 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Distribution costs** | **M.\_\_\_** | 221,780 | 260,471 |
| **Administrative expenses** | **M.\_\_\_** | 862,719 | 1,057,994 |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Operating Profit |  | 1,709,673 | 3,586,625 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Other interest receivable and similar income** | **M.\_\_\_** | 372 | 1,876 |
| **Interest payable and similar charges** | **M.\_\_\_** | (81,149) | (117,176) |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | ---------------------------------------------- | ---------------------------------------------- |
| Profit on ordinary activities before tax |  | 1,628,896 | 3,471,325 |
|  |  | ============================================== | ============================================== |

RATIO ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
| Gross margin (%) |  | 16.82 | 22.89 |

|  |  |  |  |
| --- | --- | --- | --- |
| Net margin before interest (%) |  | 9.80 | 16.20 |

|  |  |  |  |
| --- | --- | --- | --- |
| Capital employed |  | £5,729,267 | £7,631,061 |

|  |  |  |  |
| --- | --- | --- | --- |
| Return on capital employed (%) |  | 28.43 | 45.49 |

|  |  |  |  |
| --- | --- | --- | --- |
| Turnover/Asset ratio |  | 2.90 | 2.81 |

**CONCLUSION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2009** | 2008 | 2007 | 2006 |
|  | **£** | £ | £ | £ |
| A Current assets | 6,717,295 | 8,030,637 |  |  |
| B Current liabilities | (4,937,134) | (4,555,609) | (55,379) |  |
| C Capital employed | 5,729,267 | 7,631,061 | (55,379) |  |
| D Quick assets | 4,522,203 | 5,619,820 |  |  |
| E Tangible F.A. | 3,542,723 | 3,792,075 |  |  |
| F Stock | 2,195,092 | 2,410,817 |  |  |
| G Trade debtors | 3,186,522 | 4,466,084 |  |  |
| H Cash at bank & in hand |  |  |  |  |
| I Trade creditors | (1,978,195) | (2,782,060) |  |  |
| J Overdrafts & bank loans | (265,371) | (206,733) | (55,379) |  |
| K Long term creditors | (592,949) | (959,560) |  |  |
| L Provisions | (148,112) | (165,202) | (212,507) |  |
| M Total liabilities | (5,530,083) | (5,515,169) | (55,379) |  |
| N Shareholders funds | (4,988,206) | (6,506,299) | 267,886 |  |
| O Total sales | 16,613,551 | 21,429,580 |  |  |
| P Overseas sales | 104,180 | 1,182,987 |  |  |
| Q Cost of sales | (13,819,379) | (16,524,490) |  |  |
| R Gross profit/(loss) | 2,794,172 | 4,905,090 |  |  |
| S Operating profit/(loss) | 1,709,673 | 3,586,625 |  |  |
| T Net profit/(loss) | 1,628,896 | 3,471,325 |  |  |
| U Interest payable | 81,149 | 117,176 |  |  |

**SOLVENCY RATIOS:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Current ratio (A/B) | 1.36 | 1.76 |  |  |
|  | Quick ratio (D/B) | 0.92 | 1.23 |  |  |
|  | Trade Debtors: days | 60 | 65 |  |  |
|  | Trade Creditors: days | 70 | 62 |  |  |

**CAPITAL RATIOS:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | FA / shareholders funds (E/N) | 0.71 | 0.58 |  |  |
|  | Current crs / shareholders funds (B/N) | 0.99 | 0.70 | (0.21) |  |
|  | Total liabs / shareholders funds (M/N) | 1.11 | 0.85 | (0.21) |  |
|  | Stock / Capital employed (F/C) | 0.38 | 0.32 |  |  |
|  | Long term crs / Cap empl'd (K/C) | 0.10 | 0.13 |  |  |

**TRADING RATIOS:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sales / shareholders funds (O/N) | 3.33 | 3.29 |  |  |
|  | Sales / Stock (O/F) | 7.57 | 8.89 |  |  |
|  | Sales / Capital employed (O/C) | 2.90 | 2.81 |  |  |
|  | Stock turnover (Q/F) | 6.30 | 6.85 |  |  |

**PROFIT RATIOS:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Gross margin (%) | 16.82 | 22.89 |  |  |
| Net operating margin (%) | 10.29 | 16.74 |  |  |
| Net profit margin (%) | 9.80 | 16.20 |  |  |
| R.O.C.E. (%) (excl interest) | 29.85 | 47.02 |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Trn No.** | **Acct** | **Narrative** | **WP Index** | **Debit** | **Credit** | **Effect on Profit** |

|  |  |
| --- | --- |
| **Profit per Original TB** | **1,416,474** |

**Trx from Document Types ADJ, JNL, PJL & PAJ without setting "Exclude from Final TB"**

**NB: JNL = Audit Journals, NOT Accounting Journals**

This section of the report outputs details of transactions entered via Document Types that, at the time of posting, had the setting of 'Exclude from Final TB' UNTICKED. This client file does not have any such transactions and therefore cannot produce such output.

|  |  |
| --- | --- |
|  | ---------------------------------------------- |
| **Profit per client draft accounts** | **1,416,474** |

**Trx from Document Types ADJ, JNL, PJL & PAJ with setting "Exclude from Final TB"**

**NB: JNL = Audit Journals, NOT Accounting Journals**

This section of the report outputs details of transactions entered via Document Types that, at the time of posting, had the setting of 'Exclude from Final TB' TICKED. This client file does not have any such transactions and therefore cannot produce such output.

|  |  |
| --- | --- |
|  | ---------------------------------------------- |
| **Potential profit after all adjustments** | **1,416,474** |
|  | ============================================== |

**PROFIT** **ANALYSIS**

|  |  |
| --- | --- |
| Profit per Original TB | **1,416,474** |
| Adjusting entries included in draft profit | **-** |
|  | ---------------------------------------------- |
| Profit per client draft accounts | **1,416,474** |
| Proposed adjusting entries | **-** |
|  | ---------------------------------------------- |
| **Potential profit after all adjustments** | **1,416,474** |
|  | ============================================== |

**CONCLUSION**

**Principal activity:**

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 fundament

**Business address:**

**Telephone:**

**Company number:** 87654321 incorporated on

**Company secretary:** C C Smith

**Registered office:**

**Share capital:** Authorised Issued

**Equity**

|  |  |  |
| --- | --- | --- |
| Ordinary shares of £1 each | 3,981,190 | 3,981,190 |
|  | ============================================== | ============================================== |

**Directors and their interests:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Ordinary Shares of £1 each** | | |
|  |  | **At 31 December 2009** | At 1 January 2009 |

|  |  |  |  |
| --- | --- | --- | --- |
| Black |  | **-** | - |
| Green |  | **-** | - |
| Smith |  | **-** | - |
|  |  | ============================================== | =============== |

**Solicitors:** Gant, Howard & Company

42 The Avenue, Milford

Southampton, Hants S01 3RT