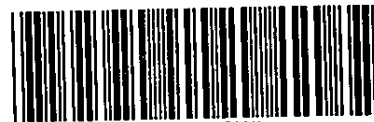


Company Registration No. 00784842 (England and Wales)

**AFM HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 OCTOBER 2011**

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# AFM HOLDINGS LIMITED

## DIRECTOR AND ADVISERS

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<b>Director</b>	P D Merritt
<b>Secretary</b>	P W Bass
<b>Company number</b>	00784842
<b>Registered office</b>	38 Weyside Road Guildford Surrey GU1 1JB
<b>Registered auditors</b>	Ward Williams Park House 25 - 27 Monument Hill Weybridge Surrey KT13 8RT
<b>Bankers</b>	HSBC Bank PLC 168 High Street Guildford Surrey GU1 3YU

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# AFM HOLDINGS LIMITED

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# AFM HOLDINGS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 OCTOBER 2011

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The director presents his report and financial statements for the year ended 31 October 2011

#### Principal activities and review of the business

The Group's principal activities during the year were the installation and maintenance of mechanical and electrical systems, both commercial and residential, to the Building Services industry, plus the provision of goods, services and maintenance for swimming pools

There were no significant changes in the Group activities during the year. At the start of the year the Group restructured its business by merging BTU Heating Ltd operations into BTU (Installation & Maintenance) Ltd. The restructuring allowed for the sharing of skills, resources and brand collateral. In the year BTU Heating concentrated on closing out existing contracts only.

Despite difficult market conditions the Group were able to increase sales by in excess of 8% on an annualised basis in comparison to the previous period. Operating profit increased substantially from the previous period, due largely to the savings and greater site efficiencies afforded by the rationalisation of the Group.

The balance sheet of the financial statements shows an increase of 14.6% in net assets in the year, due to excellent results achieved in the year. Cash in hand decreased in the year as the Group took the decision to invest in short and medium term listed investments in a bid to improve returns above those offered by Bank interest rates.

#### Environmental and social responsibility

The group recognises its environmental and social responsibilities, and understands the importance of the contribution that the group can make.

#### Employees

The group aims to ensure that its workforce are safe, healthy and fulfilled. To such end, the group has in place a comprehensive health and safety, and training policy and a policy of regular employee appraisal and consultation.

Details of the number of employees and related costs can be found in note 25 to the financial statements.

Key financial highlights are as follows

	2011	2010
	£	£
Turnover	11,966,401	11,915,999
Profit before tax	676,816	55,324

Gross profit margin for the year ended 31 October 2011 was 32% (2010 29%)

#### Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

#### Future developments

The director considers that trading conditions in 2012 will remain every bit as challenging as in the last 2 years. In response the Group continues to invest in efforts to expand both its client base and its offerings to market, particularly in the area of environmentally sustainable solutions.

#### Director

The following director has held office since 1 November 2010

P D Merritt

# AFM HOLDINGS LIMITED

## DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

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	2011	2010
	£	£
During the year the group made the following payments		
Charitable donations	<u>5,093</u>	<u>12,381</u>

£5,093 was given during the year in donations ranging from £30 to £2,700 in support of either local charities or fundraising activities by employees covering a range of charitable purposes such as Cancer Research  
The following donation of over £2,000 was made in the year  
£2,700 to Cancer Research UK to sponsor the golf day event

### Financial instruments

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed centrally to maximise interest income whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its businesses. The group is exposed to fair value interest rate risk on its deposits and loans.

Investment of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers wishing to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### Auditors

The auditors, Ward Williams, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# AFM HOLDINGS LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 OCTOBER 2011**

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### Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



P D Merritt

Director

23/03/2012

# **AFM HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF AFM HOLDINGS LIMITED**

---

We have audited the group and parent company financial statements (the "financial statements") of AFM Holdings Limited for the year ended 31 October 2011 set out on pages 6 to 26. 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 auditors' 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 director and auditors**

As explained more fully in the Director's Responsibilities Statement set out on pages 1 - 3, the director is 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 and express an opinion on 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 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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 October 2011 and of the group's 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# AFM HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF AFM HOLDINGS LIMITED

---

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Richard Hayward (Senior Statutory Auditor)  
for and on behalf of Ward Williams

26 March 2012

Chartered Accountants  
Statutory Auditor

Park House  
25 - 27 Monument Hill  
Weybridge  
Surrey  
KT13 8RT



# AFM HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2011

	Notes	Year ended 31 October 2011 £	13 Months ended 31 October 2010 £
Turnover	2	11,966,401	11,915,999
Cost of sales		(8,186,920)	(8,509,890)
<b>Gross profit</b>		<b>3,779,481</b>	<b>3,406,109</b>
Distribution costs		(223,907)	(178,920)
Administrative expenses		(2,864,746)	(3,179,350)
<b>Operating profit</b>	3	<b>690,828</b>	<b>47,839</b>
Investment income	4	6,350	-
Other interest receivable and similar income		2,035	13,252
Amounts written off investments	5	(17,781)	-
Interest payable and similar charges	6	(4,616)	(5,767)
<b>Profit on ordinary activities before taxation</b>	3	<b>676,816</b>	<b>55,324</b>
Tax on profit on ordinary activities	7	(203,350)	7,542
<b>Profit on ordinary activities after taxation</b>		<b>473,466</b>	<b>62,866</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# AFM HOLDINGS LIMITED

## BALANCE SHEETS

AS AT 31 OCTOBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
<b>Fixed assets</b>					
Intangible assets	10	4,848	4,848	-	-
Tangible assets	11	229,492	260,191	214,886	243,168
Investments	12	-	-	290,310	290,310
		<u>234,340</u>	<u>265,039</u>	<u>505,196</u>	<u>533,478</u>
<b>Current assets</b>					
Stocks	13	406,805	409,119	-	-
Debtors	14	2,672,493	2,624,503	33,741	692,067
Investments	15	788,590	-	788,590	-
Cash at bank and in hand		1,311,139	1,572,109	463,719	1,260,426
		<u>5,179,027</u>	<u>4,605,731</u>	<u>1,286,050</u>	<u>1,952,493</u>
<b>Creditors amounts falling due within one year</b>	16	<u>(2,603,207)</u>	<u>(2,418,079)</u>	<u>(1,159,255)</u>	<u>(1,894,373)</u>
<b>Net current assets</b>		<u>2,575,820</u>	<u>2,187,652</u>	<u>126,795</u>	<u>58,120</u>
<b>Total assets less current liabilities</b>		<u>2,810,160</u>	<u>2,452,691</u>	<u>631,991</u>	<u>591,598</u>
<b>Creditors amounts falling due after more than one year</b>	17	(76,667)	(76,000)	(76,667)	(76,000)
<b>Provisions for liabilities</b>	18	<u>(36,004)</u>	<u>(22,571)</u>	<u>(36,004)</u>	<u>(22,571)</u>
		<u>2,697,489</u>	<u>2,354,120</u>	<u>519,320</u>	<u>493,027</u>
<b>Capital and reserves</b>					
Called up share capital	20	75,000	75,000	75,000	75,000
Share premium account	21	993	993	993	993
Other reserves	21	14,242	14,242	-	-
Profit and loss account	21	2,607,254	2,263,885	443,327	417,034
<b>Shareholders' funds</b>	22	<u>2,697,489</u>	<u>2,354,120</u>	<u>519,320</u>	<u>493,027</u>

Approved by the Board and authorised for issue on

23/3/12

  
P D Merritt  
Director

Company Registration No 00784842

# AFM HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2011

	Year ended 31 October 2011 £	13 Months ended 31 October 2010 £
<b>Net cash inflow/(outflow) from operating activities</b>	744,245	(603,794)
<b>Returns on investments and servicing of finance</b>		
Interest received	2,035	13,252
Interest paid	(4,590)	(5,767)
Dividends received	6,350	-
	<u>3,795</u>	<u>7,485</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	3,795	7,485
<b>Taxation</b>	(18,653)	(210,102)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(66,180)	(114,217)
Receipts from sales of tangible assets	33,281	17,501
	<u>(32,899)</u>	<u>(96,716)</u>
<b>Net cash outflow for capital expenditure</b>	(32,899)	(96,716)
<b>Equity dividends paid</b>	(130,097)	(148,250)
	<u>(130,097)</u>	<u>(148,250)</u>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	566,391	(1,051,377)
<b>Management of liquid resources</b>		
Current asset investments	(806,371)	-
	<u>(806,371)</u>	<u>-</u>
<b>Financing</b>		
Other new long term loans	49,000	114,000
Repayment of other long term loans	(69,990)	(59,300)
	<u>(20,990)</u>	<u>54,700</u>
<b>Net cash (outflow)/inflow from financing</b>	(20,990)	54,700
<b>Decrease in cash in the year</b>	<u>(260,970)</u>	<u>(996,677)</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2011

<b>1</b>	<b>Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>				
				<b>2011</b>	<b>2010</b>
				£	£
	Operating profit			690,828	47,839
	Depreciation of tangible assets			70,961	76,353
	Profit/loss on disposal of tangible assets			(7,363)	2,845
	Decrease/(increase) in stocks			2,314	(133,151)
	(Increase)/decrease in debtors			(47,990)	399,234
	Increase/(decrease) in creditors within one year			35,495	(996,914)
	<b>Net cash inflow/(outflow) from operating activities</b>			<b>744,245</b>	<b>(603,794)</b>
<b>2</b>	<b>Analysis of net funds</b>	<b>1 November 2010</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 October 2011</b>
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,572,109	(260,970)	-	1,311,139
	Liquid resources				
	Current asset investments	-	806,371	17,781	788,590
	Debts falling due within one year	(69,990)	21,657	-	(48,333)
	Debts falling due after one year	(76,000)	(667)	-	(76,667)
		(145,990)	20,990	-	(125,000)
	<b>Net funds</b>	<b>1,426,119</b>	<b>566,391</b>	<b>(17,781)</b>	<b>1,974,729</b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>			<b>2011</b>	<b>2010</b>
				£	£
	Decrease in cash in the year			(260,970)	(996,677)
	Cash outflow from increase in liquid resources			806,371	-
	Cash outflow/(inflow) from decrease/(increase) in debt			20,990	(54,700)
	Change in net debt resulting from cash flows			566,391	(1,051,377)
	Amounts written off short-term investments			(17,781)	-
	<b>Movement in net funds in the year</b>			<b>548,610</b>	<b>(1,051,377)</b>
	Opening net funds			1,426,119	2,477,496
	<b>Closing net funds</b>			<b>1,974,729</b>	<b>1,426,119</b>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Basis of consolidation

The consolidated financial statements include the results of the parent company and its subsidiary undertakings made up to the end of the financial year. Inter-group transactions are excluded on consolidation and sales and profit figures relate to external transactions only. As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements.

#### 1.4 Turnover

Turnover represents amounts receivable from ordinary activities stated net of VAT, trade discounts and other sales taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit & loss account turnover and related costs as contract activity progresses. Turnover is calculated as the same proportion of total contract value which costs to date are to total expected costs for that contract.

#### 1.5 Goodwill

Goodwill represents the excess of cost at acquisition over the fair value of the separable assets of Heatservice (Maintenance) Ltd, a 100% subsidiary, which was acquired on 1st October 1984. The director believes that the valuation of goodwill is still valid because it has since been transferred to BTU (Installation & Maintenance) Limited (formerly known as B T U (Maintenance) Limited), which continues to trade profitably. It is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	10% Straight Line Basis
Computer equipment	25% Straight Line Basis
Fixtures, fittings & equipment	15% Reducing Balance Basis
Motor vehicles	25% Reducing Balance Basis

#### 1.7 Leasing

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

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

1 Accounting policies (continued)

### 1 9 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contract less amounts received as progress payments on account

### 1 10 Pensions

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension charge contributions payable by the group to the funds amounted to £73,174 (2010 - £78,154). All contributions due in the year were paid and charged to the profit and loss account as incurred.

### 1 11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

### 1 12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

## 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2011	2010
	£	£

Operating profit is stated after charging

Depreciation of tangible assets	70,961	76,353
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Loss on foreign exchange transactions	483	-
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Operating lease rentals	161,034	287,489
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Fees payable to the group's auditor for the audit of the group's annual accounts (company £3,000, 2010 £2,975)	44,000	48,000
--	--------	--------

and after crediting

(Profit)/Loss on disposal of tangible assets	(7,363)	2,845
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4 Investment income	2011	2010
	£	£

Income from listed investments	6,350	-
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# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

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5	Amounts written off investments	2011 £	2010 £
	Writing down current assets investments to market value	<u>17,781</u>	<u>-</u>
6	Interest payable	2011 £	2010 £
	On bank loans and overdrafts	26	-
	Other interest	<u>4,590</u>	<u>5,767</u>
		<u>4,616</u>	<u>5,767</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

7 Taxation	2011 £	2010 £
<b>Domestic current year tax</b>		
U K corporation tax	189,917	18,653
Adjustment for prior years	-	(4,840)
	<u>189,917</u>	<u>13,813</u>
<b>Total current tax</b>	189,917	13,813
<b>Deferred tax</b>		
Deferred tax charge/credit current year	13,433	(21,355)
	<u>203,350</u>	<u>(7,542)</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	676,816	55,324
	<u>676,816</u>	<u>55,324</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	175,972	15,491
	<u>175,972</u>	<u>15,491</u>
Effects of		
Non deductible expenses	23,409	19,535
Depreciation add back	18,450	21,379
Capital allowances	(23,375)	(28,066)
Adjustments to previous periods	-	(4,840)
Other tax adjustments	(4,539)	(9,686)
	<u>13,945</u>	<u>(1,678)</u>
<b>Current tax charge for the period</b>	<u>189,917</u>	<u>13,813</u>

## 8 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	2011 £	2010 £
Holding company's profit for the financial year	<u>156,390</u>	<u>73,986</u>



# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

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<b>9</b>	<b>Dividends</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Ordinary final paid	130,097	148,250
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Intangible fixed assets</b>		
	<b>Group</b>		<b>Goodwill</b>
			<b>£</b>
	<b>Cost</b>		
	At 1 November 2010 & at 31 October 2011		4,848
			<u>          </u>
	<b>Net book value</b>		
	At 31 October 2011		4,848
			<u>          </u>
	At 31 October 2010		4,848
			<u>          </u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

### 11 Tangible fixed assets

Group	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 November 2010	92,729	285,262	93,556	483,793	955,340
Additions	-	-	-	66,180	66,180
Disposals	-	-	-	(79,574)	(79,574)
At 31 October 2011	<u>92,729</u>	<u>285,262</u>	<u>93,556</u>	<u>470,399</u>	<u>941,946</u>
<b>Depreciation</b>					
At 1 November 2010	69,122	282,651	91,285	252,091	695,149
On disposals	-	-	-	(53,656)	(53,656)
Charge for the year	9,281	2,611	323	58,746	70,961
At 31 October 2011	<u>78,403</u>	<u>285,262</u>	<u>91,608</u>	<u>257,181</u>	<u>712,454</u>
<b>Net book value</b>					
At 31 October 2011	<u>14,326</u>	<u>-</u>	<u>1,948</u>	<u>213,218</u>	<u>229,492</u>
At 31 October 2010	<u>23,607</u>	<u>2,611</u>	<u>2,271</u>	<u>231,702</u>	<u>260,191</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

### Tangible fixed assets

#### Company

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 November 2010	68,851	285,262	87,045	483,793	924,951
Additions	-	-	-	66,180	66,180
Disposals	-	-	-	(79,574)	(79,574)
At 31 October 2011	<u>68,851</u>	<u>285,262</u>	<u>87,045</u>	<u>470,399</u>	<u>911,557</u>
<b>Depreciation</b>					
At 1 November 2010	61,958	282,651	85,083	252,091	681,783
On disposals	-	-	-	(53,656)	(53,656)
Charge for the year	6,893	2,611	294	58,746	68,544
At 31 October 2011	<u>68,851</u>	<u>285,262</u>	<u>85,377</u>	<u>257,181</u>	<u>696,671</u>
<b>Net book value</b>					
At 31 October 2011	<u>-</u>	<u>-</u>	<u>1,668</u>	<u>213,218</u>	<u>214,886</u>
At 31 October 2010	<u>6,893</u>	<u>2,611</u>	<u>1,962</u>	<u>231,702</u>	<u>243,168</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

### 12 Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 November 2010 & at 31 October 2011	290,310
<b>Net book value</b>	
At 31 October 2011	290,310
At 31 October 2010	290,310

In the opinion of the director, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
BTU (Installation and Maintenance) Limited	UK	ordinary	100
BTU (Heating) Limited	UK	ordinary	100
B T U (Poolservices) Limited	UK	ordinary	100
C H S Limited	UK	ordinary	100
Weyside Management Services Limited	UK	ordinary	100
Pool Advisory Services (Woking) Limited	UK	ordinary	100
BTU (Maintenance) Limited	UK	ordinary	100
Help (Household Emergency Services)Limited	UK	ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
BTU (Installation and Maintenance) Limited	Installation and maintenance of electrical and mechanical services
BTU (Heating) Limited	Completion of prior year contracts
B T U (Poolservices) Limited	The maintenance and renovation of swimming pool installations
C H S Limited	The sale of central heating equipment and spares

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

### 12 Fixed asset investments

(continued)

Weyside Management Services Limited	The provision of accounting, management, transport and computer services to the AFM Group
Pool Advisory Services (Woking) Limited	Dormant
BTU (Maintenance) Limited	Dormant
Help (Household Emergency Services)Limited	Dormant

### 13 Stocks and work in progress

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Work in progress	18,640	21,717	-	-
Finished goods and goods for resale	388,165	387,402	-	-
	<u>406,805</u>	<u>409,119</u>	<u>-</u>	<u>-</u>

### 14 Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	1,327,912	1,069,460	-	-
Amounts owed by group undertakings	-	-	-	349,462
Other debtors	247,410	416,310	10,488	303,085
Prepayments and accrued income	1,097,171	1,138,733	23,253	39,520
	<u>2,672,493</u>	<u>2,624,503</u>	<u>33,741</u>	<u>692,067</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

### 15 Current asset investments

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Listed investments	788,590	-	788,590	-

### 16 Creditors amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	1,433,326	1,086,005	-	-
Amounts owed to group undertakings	-	-	979,758	1,807,178
Corporation tax	189,917	18,653	81,041	3,134
Taxes and social security costs	426,432	582,180	-	-
Directors current accounts	36,306	-	36,306	-
Other creditors	105,496	368,663	48,333	69,990
Accruals and deferred income	411,730	362,578	13,817	14,071
	<u>2,603,207</u>	<u>2,418,079</u>	<u>1,159,255</u>	<u>1,894,373</u>

### 17 Creditors amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Other loans (note 27)	76,667	76,000	76,667	76,000
<b>Analysis of loans</b>				
Wholly repayable within five years	125,000	145,990	125,000	145,990
Included in current liabilities	(48,333)	(69,990)	(48,333)	(69,990)
	<u>76,667</u>	<u>76,000</u>	<u>76,667</u>	<u>76,000</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	76,667	76,000	76,667	76,000

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

### 18 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 November 2010	22,571
Profit and loss account	13,433
	<hr/>
Balance at 31 October 2011	36,004
	<hr/> <hr/>

### Company

Balance at 1 November 2010	22,571
Profit and loss account	13,433
	<hr/>
Balance at 31 October 2011	36,004
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	36,004	22,571	36,004	22,571
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 19 Pension and other post-retirement benefit commitments

#### Defined contribution

	2011	2010
	£	£
Contributions payable by the group for the year	73,174	78,154
	<hr/> <hr/>	<hr/> <hr/>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2011

<b>20 Share capital</b>	<b>2011</b>	<b>2010</b>
	£	£
<b>Allotted, called up and fully paid</b>		
75,000 Ordinary Shares of each	75,000	50,000
- 'A' Ordinary shares of each	-	25,000
	<u>75,000</u>	<u>75,000</u>

On 3 November 2010, 25,000 issued Ordinary-A shares of £1 each were re-designated as 25,000 Ordinary shares of £1 each, and rank par passu in all respects with the existing Ordinary shares of the company

#### 21 Statement of movements on reserves

##### Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 November 2010	993	14,242	2,263,885
Profit for the period	-	-	473,466
Dividends paid	-	-	(130,097)
Balance at 31 October 2011	<u>993</u>	<u>14,242</u>	<u>2,607,254</u>

##### Other reserves

##### Capital redemption reserve

Balance at 1 November 2010 & at 31 October 2011

14,242

##### Company

	Share premium account £	Profit and loss account £
Balance at 1 November 2010	993	417,034
Profit for the year	-	156,390
Dividends paid	-	(130,097)
Balance at 31 October 2011	<u>993</u>	<u>443,327</u>



# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

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22 Reconciliation of movements in shareholders' funds	2011	2010
Group	£	£
Profit for the financial year	473,466	62,866
Dividends	(130,097)	(148,250)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	343,369	(85,384)
Opening shareholders' funds	2,354,120	2,439,504
	<hr/>	<hr/>
Closing shareholders' funds	2,697,489	2,354,120
	<hr/> <hr/>	<hr/> <hr/>
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Profit for the financial year	156,390	73,986
Dividends	(130,097)	(148,250)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	26,293	(74,264)
Opening shareholders' funds	493,027	567,291
	<hr/>	<hr/>
Closing shareholders' funds	519,320	493,027
	<hr/> <hr/>	<hr/> <hr/>

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# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2011

#### 23 Financial commitments

At 31 October 2011 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date				
Within one year	-	11,900	-	-
Between two and five years	46,458	32,982	15,757	-
In over five years	121,200	121,200	-	-
	<u>167,658</u>	<u>166,082</u>	<u>15,757</u>	<u>-</u>

At 31 October 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date				
In over five years	79,200	79,200	-	-
	<u>79,200</u>	<u>79,200</u>	<u>-</u>	<u>-</u>

#### 24 Director's remuneration

	2011	2010
	£	£
Remuneration for qualifying services	18,571	14,601
Company pension contributions to defined contribution schemes	45,000	43,333
	<u>63,571</u>	<u>57,934</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2011

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### 25 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Management	8	8
Production	51	48
Administration	45	48
	<u>104</u>	<u>104</u>

#### Employment costs

	2011 £	2010 £
Wages and salaries	3,394,166	3,624,204
Social security costs	358,277	414,506
Other pension costs	73,174	78,154
	<u>3,825,617</u>	<u>4,116,864</u>

### 26 Control

The Ultimate controlling party is the AFM Business Trust, a shareholder of AFM Holdings Limited holding 94% of the issued voting share capital of that company. The trustees are Paul Merritt and Allan MacDonald.

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2011

### 27 Related party relationships and transactions

#### Loans to directors

Transactions in relation to loans with directors during the year are outlined in the table below

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
P D Merritt Director's loan account	-	4,755	-	-	(4,755)	-
		<u>4,755</u>	<u>-</u>	<u>-</u>	<u>(4,755)</u>	<u>-</u>

#### Dividends to Directors

The following directors were paid dividends during the year as outlined in the table below

	2011 £	2010 £
P D Merritt	130,097	148,250
	<u>130,097</u>	<u>148,250</u>

Included in other creditors is an amount of £36,306 due to the director

#### Other transactions

During the period rent totalling £79,200 (2010 £79,200) was paid to AFM (Holdings) Limited Pension Scheme. The relevant lease has 7 years to run (to August 11th 2018). This rent was charged at arms length and at normal commercial rate.

At the period end the company owed AFM (Holdings) Limited Pension scheme a total of £125,000 (2010 £145,990) in loans. The term of the loan is three years maximum with an interest of 3% over the 'Clearing Bank Base Rate'.

During the year rent totalling £42,000 (2010 £42,000) was paid to AFM Pension Trust Fund, of which Paul Merritt and Alan MacDonald are trustees. The relevant lease has 7 years to run. This rent was charged at arms length and at normal commercial rate.

#### Group

The group has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 OCTOBER 2011*

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### 28 Comparatives

Some accounts in the Group profit and loss account have been reclassified to make the figures comparable with 2011. There is no effect on the profit and loss reserves.

Group turnover has decreased by £1,135,084

Group distributions costs have decreased by £536,677

Group administrative expenses have decreased by £598,407