

Company Registration No. 00784842 (England and Wales)

**AFM HOLDINGS LIMITED**  
**ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 OCTOBER 2010**

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# **AFM HOLDINGS LIMITED**

## **DIRECTOR AND ADVISERS**

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<b>Director</b>	P D Merritt
<b>Secretary</b>	G S Firth
<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 PERIOD ENDED 31 OCTOBER 2010

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The director presents his report and financial statements for the period ended 31 October 2010

#### Principal activities and review of the business

The group's principal activities during the period have continued to be the installation and maintenance of central heating systems and the maintenance of swimming pools. There have not been any significant changes in the group's principal activities in the year under review. The director is not aware, at the date of this report, of any major changes in the group's principal activities in the next year.

As shown in the group's profit and loss account, the group's sales have decreased by 133% over the prior year with profit after tax also falling.

The balance sheet of the financial statements shows that the group's financial position at the year end is, in both net assets and cash terms, broadly consistent with the prior year, with net current assets and shareholders' funds remaining constant.

#### 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 22 to the financial statements.

#### Results and dividends

The consolidated profit and loss account for the period is set out on pages 4 to 5.

#### Future developments

The directors consider that 2011 will continue to be a challenging trading environment but anticipate trading results improving on the year under review with turnover and profitability rising.

#### Director

The following director has held office since 1 October 2009:

P D Merritt

	2010	2009
	£	£
During the period the group made the following payments:		
Charitable donations	12,381	3,676

£12,381 was given during the year in donations ranging from £20 to £2,500 in support of either local charities or fundraising activities by employees covering a range of charitable purposes such as Cancer Research and Worshipful Company of Paviers.

The following donations of over £2,000 were made in the year:

£2,500 was given to Worshipful Company of Paviers Charity Fund for the purchase of corporate table.

£2,500 was given to Cancer Research UK to sponsor the golf day event.

# **AFM HOLDINGS LIMITED**

## **DIRECTOR'S REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 OCTOBER 2010**

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### **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.

### **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.

# AFM HOLDINGS LIMITED

## DIRECTOR'S REPORT (CONTINUED)

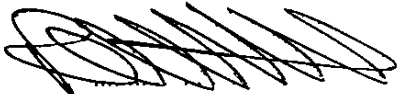
**FOR THE PERIOD ENDED 31 OCTOBER 2010**

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### 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

27-7-11

# **AFM HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

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

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We have audited the group and parent company financial statements (the "financial statements") of AFM Holdings Limited for the period ended 31 October 2010 set out on pages 6 to 24. 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 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 group's and 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.

#### **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 2010 and of the group's profit for the period 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 period 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**

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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 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**

28 July 2011

**Chartered Accountants**  
**Statutory Auditor**

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



# AFM HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 OCTOBER 2010

		13 Months ended 31 October 2010 £	Year ended 30 September 2009 £
Turnover	2	13,051,083	13,227,428
Cost of sales		<u>(8,509,890)</u>	<u>(8,978,233)</u>
<b>Gross profit</b>		4,541,193	4,249,195
Distribution costs		(715,597)	(601,422)
Administrative expenses		<u>(3,777,757)</u>	<u>(2,963,589)</u>
<b>Operating profit</b>	3	47,839	684,184
Other interest receivable and similar income		13,252	31,009
Interest payable and similar charges	4	<u>(5,767)</u>	<u>(16,668)</u>
<b>Profit on ordinary activities before taxation</b>		55,324	698,525
Tax on profit on ordinary activities	5	<u>7,542</u>	<u>(216,739)</u>
<b>Profit on ordinary activities after taxation</b>		<u>62,866</u>	<u>481,786</u>

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

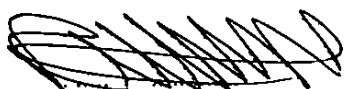
# AFM HOLDINGS LIMITED

## BALANCE SHEETS

AS AT 31 OCTOBER 2010

	Notes	Group 2010 £	2009 £	Company 2010 £	2009 £
<b>Fixed assets</b>					
Intangible assets	8	4,848	4,848	-	-
Tangible assets	9	260,191	242,673	243,168	223,225
Investments	10	-	-	290,310	290,310
		<u>265,039</u>	<u>247,521</u>	<u>533,478</u>	<u>513,535</u>
<b>Current assets</b>					
Stocks	11	409,119	275,968	-	-
Debtors	12	2,624,503	3,023,737	692,067	1,149,633
Cash at bank and in hand		1,572,109	2,568,786	1,260,426	1,795,775
		<u>4,605,731</u>	<u>5,868,491</u>	<u>1,952,493</u>	<u>2,945,408</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,348,089)</u>	<u>(3,541,292)</u>	<u>(1,824,383)</u>	<u>(2,756,436)</u>
<b>Net current assets</b>		<u>2,257,642</u>	<u>2,327,199</u>	<u>128,110</u>	<u>188,972</u>
<b>Total assets less current liabilities</b>		<u>2,522,681</u>	<u>2,574,720</u>	<u>661,588</u>	<u>702,507</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(145,990)	(91,290)	(145,990)	(91,290)
<b>Provisions for liabilities</b>	15	<u>(22,571)</u>	<u>(43,926)</u>	<u>(22,571)</u>	<u>(43,926)</u>
		<u>2,354,120</u>	<u>2,439,504</u>	<u>493,027</u>	<u>567,291</u>
<b>Capital and reserves</b>					
Called up share capital	17	75,000	75,000	75,000	75,000
Share premium account	18	993	993	993	993
Other reserves	18	14,242	14,242	-	-
Profit and loss account	18	2,263,885	2,349,269	417,034	491,298
<b>Shareholders' funds</b>	19	<u>2,354,120</u>	<u>2,439,504</u>	<u>493,027</u>	<u>567,291</u>

Approved by the Board and authorised for issue on 27-11-10



P D Merritt  
Director

Company Registration No 00784842

# AFM HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2010

	13 Months ended 31 October 2010		Year ended 30 September 2009	
	£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>		(603,794)		1,466,748
<b>Returns on investments and servicing of finance</b>				
Interest received	13,252		31,009	
Interest paid	(5,767)		(16,669)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		7,485		14,341
<b>Taxation</b>		(210,102)		(156,548)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(114,217)		(36,250)	
Receipts from sales of tangible assets	17,501		30,200	
<b>Net cash (outflow)/inflow for capital expenditure</b>		(96,716)		(6,050)
<b>Equity dividends paid</b>		(148,250)		(121,275)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(1,051,377)		1,197,216
<b>Financing</b>				
Other new long term loans	114,000		-	
Repayment of other long term loans	(59,300)		(173,644)	
<b>Net cash inflow/(outflow) from financing</b>		54,700		(173,644)
<b>(Decrease)/increase in cash in the period</b>		<u>(996,677)</u>		<u>1,023,572</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2010

<b>1 Reconciliation of operating profit to net cash outflow from operating activities</b>		<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
Operating profit		47,839	684,184
Depreciation of tangible assets		76,353	81,618
Loss on disposal of fixed assets		2,845	11,914
Increase in stocks		(133,151)	12,139
Decrease/(increase) in debtors		399,234	1,454,129
(Decrease)/Increase in creditors within one year		(996,914)	(777,236)
<b>Net cash outflow from operating activities</b>		<b>(603,794)</b>	<b>1,466,748</b>

<b>2 Analysis of net funds</b>	<b>1 October 2009</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 October 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash				
Cash at bank and in hand	2,568,786	(996,677)	-	1,572,109
Debts falling due after one year	(91,290)	(54,700)	-	(145,990)
Net funds	2,477,496	(1,051,377)	-	1,426,119

<b>3 Reconciliation of net cash flow to movement in net funds</b>		<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the period		(996,677)	1,023,572
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(54,700)	173,644
<b>Movement in net funds in the period</b>		<b>(1,051,377)</b>	<b>1,197,216</b>
Opening net funds		2,477,496	1,280,280
<b>Closing net funds</b>		<b>1,426,119</b>	<b>2,477,496</b>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2010

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### 1 Accounting policies

#### 1.1 Accounting convention

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

#### 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 that proportion of total contract value which costs to date bear 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 directors believe 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
Plant and machinery	15% Reducing Balance 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

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2010

### 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 £78,154 (2009 - £34,850). 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 period has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2010	2009
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	76,353	81,618
Loss on disposal of tangible assets	-	11,914
Operating lease rentals	194,106	159,119
Fees payable to the group's auditor for the audit of the group's annual accounts (company £2,975, 2009 £2,200)	48,000	40,000
	<u>          </u>	<u>          </u>
4 Interest payable	2010	2009
	£	£
Other interest	5,767	16,668
	<u>          </u>	<u>          </u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

5 Taxation	2010 £	2009 £
<b>Domestic current year tax</b>		
U K corporation tax	18,653	214,942
Adjustment for prior years	(4,840)	1,797
<b>Total current tax</b>	<u>13,813</u>	<u>216,739</u>
<b>Deferred tax</b>		
Deferred tax charge/credit current year	(21,355)	-
	<u>(7,542)</u>	<u>216,739</u>
<b>Factors affecting the tax charge for the period</b>		
Profit on ordinary activities before taxation	<u>55,324</u>	<u>698,525</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>15,491</u>	<u>195,587</u>
Effects of		
Non deductible expenses	19,535	26,002
Depreciation add back	21,379	22,853
Capital allowances	(28,066)	(17,437)
Tax losses utilised	-	(3,263)
Adjustments to previous periods	(4,840)	1,797
Other tax adjustments	(9,686)	(8,800)
	<u>(1,678)</u>	<u>21,152</u>
<b>Current tax charge for the period</b>	<u>13,813</u>	<u>216,739</u>

### 6 Profit for the financial period

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 period is made up as follows

	2010 £	2009 £
Holding company's profit for the financial period	<u>73,986</u>	<u>26,148</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

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<b>7 Dividends</b>	<b>2010</b>	<b>2009</b>
	£	£
Ordinary final paid	<u>148,250</u>	<u>121,275</u>
<b>8 Intangible fixed assets</b>		
<b>Group</b>		<b>Goodwill</b>
		£
<b>Cost</b>		
At 1 October 2009 & at 31 October 2010		<u>4,848</u>
<b>Net book value</b>		
At 31 October 2010		<u>4,848</u>
At 30 September 2009		<u>4,848</u>



# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2010

### 9 Tangible fixed assets

Group	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 October 2009	68,851	299,902	191,019	419,066	978,838
Additions	-	-	-	114,217	114,217
Transfers	23,878	(14,640)	(97,463)	-	(88,225)
Disposals	-	-	-	(49,490)	(49,490)
At 31 October 2010	<u>92,729</u>	<u>285,262</u>	<u>93,556</u>	<u>483,793</u>	<u>955,340</u>
<b>Depreciation</b>					
At 1 October 2009	55,074	289,790	169,229	222,072	736,165
Transfers	4,776	(14,639)	(78,362)	-	(88,225)
On disposals	-	-	-	(29,144)	(29,144)
Charge for the period	9,272	7,500	418	59,163	76,353
At 31 October 2010	<u>69,122</u>	<u>282,651</u>	<u>91,285</u>	<u>252,091</u>	<u>695,149</u>
<b>Net book value</b>					
At 31 October 2010	<u>23,607</u>	<u>2,611</u>	<u>2,271</u>	<u>231,702</u>	<u>260,191</u>
At 30 September 2009	<u>13,777</u>	<u>10,112</u>	<u>21,790</u>	<u>196,994</u>	<u>242,673</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### Tangible fixed assets

#### Company

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 October 2009	68,851	285,262	87,045	419,066	860,224
Additions	-	-	-	114,217	114,217
Disposals	-	-	-	(49,490)	(49,490)
At 31 October 2010	<u>68,851</u>	<u>285,262</u>	<u>87,045</u>	<u>483,793</u>	<u>924,951</u>
<b>Depreciation</b>					
At 1 October 2009	55,074	275,151	84,702	222,072	636,999
On disposals	-	-	-	(29,144)	(29,144)
Charge for the period	6,884	7,500	381	59,163	73,928
At 31 October 2010	<u>61,958</u>	<u>282,651</u>	<u>85,083</u>	<u>252,091</u>	<u>681,783</u>
<b>Net book value</b>					
At 31 October 2010	<u>6,893</u>	<u>2,611</u>	<u>1,962</u>	<u>231,702</u>	<u>243,168</u>
At 30 September 2009	<u>13,777</u>	<u>10,111</u>	<u>2,343</u>	<u>196,994</u>	<u>223,225</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### 10 Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 October 2009 & at 31 October 2010	290,310
<b>Net book value</b>	
At 31 October 2010	290,310
At 30 September 2009	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

	<b>Principal activity</b>
BTU (Installation and Maintenance) Limited	The maintenance and repair of heating and ventilation equipment
BTU (Heating) Limited	The installation of heating and ventilation equipment
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
Weyside Management Services Limited	

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### 10 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

### 11 Stocks and work in progress

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Work in progress	21,717	17,044	-	-
Finished goods and goods for resale	387,402	258,924	-	-
	<u>409,119</u>	<u>275,968</u>	<u>-</u>	<u>-</u>

### 12 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,069,460	1,714,696	-	-
Amounts owed by group undertakings	-	-	349,462	822,959
Other debtors	416,310	308,439	303,085	277,642
Prepayments and accrued income	1,138,733	1,000,602	39,520	49,032
	<u>2,624,503</u>	<u>3,023,737</u>	<u>692,067</u>	<u>1,149,633</u>

Amounts falling due after more than one year and included in the debtors above are

	2010	2009	2010	2009
	£	£	£	£
Other debtors	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>-</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### 13 Creditors : amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	1,086,005	965,302	-	-
Amounts owed to group undertakings	-	-	1,807,178	2,683,626
Corporation tax	18,653	214,942	3,134	38,196
Taxes and social security costs	582,180	1,043,391	-	-
Other creditors	298,673	521,987	-	-
Accruals and deferred income	362,578	795,670	14,071	34,614
	<u>2,348,089</u>	<u>3,541,292</u>	<u>1,824,383</u>	<u>2,756,436</u>

### 14 Creditors : amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other loans	<u>145,990</u>	<u>91,290</u>	<u>145,990</u>	<u>91,290</u>
<b>Analysis of loans</b>				
Wholly repayable within five years	<u>145,990</u>	<u>91,290</u>	<u>145,990</u>	<u>91,290</u>
	<u>145,990</u>	<u>91,290</u>	<u>145,990</u>	<u>91,290</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	31,990	27,300	31,990	27,300
In more than two years but not more than five years	<u>114,000</u>	<u>63,990</u>	<u>114,000</u>	<u>63,990</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### 15 Provisions for liabilities

#### Group

Deferred  
taxation  
£

Balance at 1 October 2009	43,926
Profit and loss account	(21,355)
	<u>22,571</u>
Balance at 31 October 2010	<u>22,571</u>

#### Company

Balance at 1 October 2009	43,926
Profit and loss account	(21,355)
	<u>22,571</u>
Balance at 31 October 2010	<u>22,571</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Accelerated capital allowances	<u>22,571</u>	<u>43,926</u>	<u>22,571</u>	<u>43,926</u>

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

#### Defined contribution

	2010	2009
	£	£
Contributions payable by the group for the period	<u>78,154</u>	<u>34,850</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

17 Share capital	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary Shares of each	50,000	50,000
25,000 'A' Ordinary shares of each	25,000	25,000
	<u>75,000</u>	<u>75,000</u>

The ordinary 'A' shares rank pari passu with the ordinary shares in all respects save that the 'A' shares have no voting rights

### 18 Statement of movements on reserves Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 October 2009	993	14,242	2,349,269
Profit for the period	-	-	62,866
Dividends paid	-	-	(148,250)
Balance at 31 October 2010	<u>993</u>	<u>14,242</u>	<u>2,263,885</u>

#### Other reserves

##### Capital redemption reserve

Balance at 1 October 2009 & at 31 October 2010

14,242

#### Company

	Share premium account £	Profit and loss account £
Balance at 1 October 2009	993	491,298
Profit for the period	-	73,986
Dividends paid	-	(148,250)
Balance at 31 October 2010	<u>993</u>	<u>417,034</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

<b>19 Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the financial period	62,866	481,786
Dividends	(148,250)	(121,275)
	<u>(85,384)</u>	<u>360,511</u>
Net (depletion in)/addition to shareholders' funds	2,439,504	2,078,993
Opening shareholders' funds	<u>2,354,120</u>	<u>2,439,504</u>
Closing shareholders' funds	<u><u>2,354,120</u></u>	<u><u>2,439,504</u></u>
	<b>2010</b>	<b>2009</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Profit for the financial period	73,986	26,148
Dividends	(148,250)	(121,275)
	<u>(74,264)</u>	<u>(95,127)</u>
Net depletion in shareholders' funds	567,291	662,418
Opening shareholders' funds	<u>493,027</u>	<u>567,291</u>
Closing shareholders' funds	<u><u>493,027</u></u>	<u><u>567,291</u></u>



# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 OCTOBER 2010

#### 20 Financial commitments

At 31 October 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2010	2009
	£	£
Expiry date		
Within one year	11,900	-
Between two and five years	32,982	41,900
In over five years	121,200	119,200
	<u>166,082</u>	<u>161,100</u>

At 31 October 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2010	2009
	£	£
Expiry date		
In over five years	79,200	79,200
	<u>79,200</u>	<u>79,200</u>

#### 21 Director's remuneration

	2010	2009
	£	£
Remuneration	<u>57,934</u>	<u>36,175</u>
Remuneration disclosed above include the following		
Company pension contributions to defined contribution schemes	<u>43,333</u>	<u>20,000</u>

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2010

### 22 Employees

#### Number of employees

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

	2010 Number	2009 Number
Management	8	8
Production	48	44
Administration	48	52
	<u>104</u>	<u>104</u>

#### Employment costs

	2010 £	2009 £
Wages and salaries	3,624,204	3,373,176
Social security costs	414,506	385,873
Other pension costs	78,154	32,768
	<u>4,116,864</u>	<u>3,791,817</u>

### 23 Control

The Ultimate controlling party is the A F Merritt 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 Graham Firth.

# AFM HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 OCTOBER 2010

### 24 Related party relationships and transactions

#### Loans to directors

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

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

#### Dividends to Directors

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

	2010 £	2009 £
P D Merritt	148,250	121,275
	<u>148,250</u>	<u>121,275</u>

#### Other transactions

During the period rent totalling £79,200 (2009 £79,200) was paid to AFM (Holdings) Limited Pension Scheme. The relevant lease has 8 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 £145,990 (2009 £91,290) in other loans. The term of the loan is three years maximum with an interest of 3% over the 'Clearing Bank Base 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.