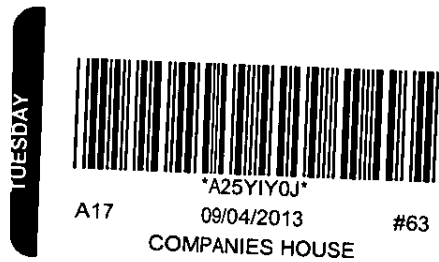


Company Registration No 00784842 (England and Wales)

AFM HOLDINGS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2012



AFM HOLDINGS LIMITED

DIRECTOR AND ADVISERS

| | |
|----------------------------|---|
| Director | P D Merritt |
| Secretary | P W Bass |
| Company number | 00784842 |
| Registered office | 38 Weyside Road Guildford Surrey GU1 1JB |
| Registered auditors | Ward Williams Belgrave House 39 - 43 Monument Hill Weybridge Surrey KT13 8RN |
| Bankers | HSBC Bank PLC 168 High Street Guildford Surrey GU1 3YU |

AFM HOLDINGS LIMITED

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AFM HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 OCTOBER 2012

The director presents his report and financial statements for the year ended 31 October 2012

Principal activities and review of the business

The Group's principal activities during the year remained 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. In addition to this, the Group have added Pool Building to the portfolio, having completed a show pool in Woking incorporating the latest designs and technologies. Despite difficult market conditions the Group were able to increase sales by 6.0% in comparison with the previous year as we were able to increase our client base. Operating profit increased by 47% over the period, due mostly to increased efficiencies cutting costs both on site and in the Group overhead. The balance sheet of the financial statements shows an increase of 23.4% in the net assets, due to the excellent results for the year. The available cash balance increased by 41.7% as focus remained on collecting monies due promptly to minimise any risk of bad debts in this difficult climate.

Environmental and social responsibility

The group takes its environmental and social responsibilities very seriously, understanding the importance of the contribution the group makes.

Employees

The group aims to ensure its workforce are safe, healthy and fulfilled. To such end the group has in place comprehensive Health & Safety and training policies alongside regular employee appraisals 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

| | 2012 | 2011 |
|-------------------|------------|------------|
| | £ | £ |
| Turnover | 12,695,594 | 11,966,401 |
| Profit before tax | 1,059,608 | 676,816 |

Gross profit margin for the year ended 31 October 2012 was 32% (2011 32%)

Results and dividends

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

Future developments

The Director considers that 2013 will be no less challenging than recent years. In response the group will continue to invest in efforts to expand both its client base and its offering to market, especially in the area of environmentally sustainable solutions.

In addition, 2013 will see the group celebrate reaching its 50th year of trading. A number of events will be held during the year to advertise and promote both the group and the principles that see it continue to thrive even in such difficult times.

Director

The following director has held office since 1 November 2011

P D Merritt

AFM HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

| | 2012 | 2011 |
|---|--------------|--------------|
| | £ | £ |
| During the year the group made the following payments | | |
| Charitable donations | <u>7,973</u> | <u>5,093</u> |

£7,973 was given during the year in donations ranging from £50 to £1,600 in support of either local charities or fundraising activities by employees covering a range of charitable purposes such as Cancer Research UK to Worshipful Company of Paviers

The following donation of over £2,000 was made in the year
£2,510 to Cancer Research UK

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 2012

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

26 03 13

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 2012 set out on pages 6 to 25. 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 2012 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

Ward Williams

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

26 March 2013

Chartered Accountants
Statutory Auditor

Belgrave House
39 - 43 Monument Hill
Weybridge
Surrey
KT13 8RN

AFM HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2012

| | Notes | 2012 £ | 2011 £ |
|--|-------|-----------------------|-----------------------|
| Turnover | 2 | 12,695,595 | 11,966,401 |
| Cost of sales | | <u>(8,662,358)</u> | <u>(8,186,920)</u> |
| Gross profit | | 4,033,237 | 3,779,481 |
| Distribution costs | | (280,799) | (223,907) |
| Administrative expenses | | (2,736,545) | (2,864,746) |
| Other operating income | | (6) | - |
| Operating profit | 3 | <u>1,015,887</u> | <u>690,828</u> |
| Investment income | 4 | 29,252 | 6,350 |
| Other interest receivable and similar income | | 51 | 2,035 |
| Amounts written on/(off) investments | 5 | 17,781 | (17,781) |
| Interest payable and similar charges | 6 | <u>(3,363)</u> | <u>(4,616)</u> |
| Profit on ordinary activities before taxation | | 1,059,608 | 676,816 |
| Tax on profit on ordinary activities | 7 | <u>(276,213)</u> | <u>(203,350)</u> |
| Profit on ordinary activities after taxation | | <u><u>783,395</u></u> | <u><u>473,466</u></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 2012

| | Notes | Group 2012 £ | 2011 £ | Company 2012 £ | 2011 £ |
|---|-------|--------------------|--------------------|----------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 10 | - | 4,848 | - | - |
| Tangible assets | 11 | 408,522 | 229,492 | 408,403 | 214,886 |
| Investments | 12 | - | - | 290,310 | 290,310 |
| | | <u>408,522</u> | <u>234,340</u> | <u>698,713</u> | <u>505,196</u> |
| Current assets | | | | | |
| Stocks | 13 | 362,953 | 406,805 | - | - |
| Debtors | 14 | 2,678,473 | 2,672,493 | 235,633 | 33,741 |
| Investments | 15 | 835,623 | 788,590 | 835,623 | 788,590 |
| Cash at bank and in hand | | 1,858,162 | 1,311,139 | 172,452 | 463,719 |
| | | <u>5,735,211</u> | <u>5,179,027</u> | <u>1,243,708</u> | <u>1,286,050</u> |
| Creditors amounts falling due within one year | 16 | <u>(2,724,763)</u> | <u>(2,603,207)</u> | <u>(887,846)</u> | <u>(1,159,255)</u> |
| Net current assets | | <u>3,010,448</u> | <u>2,575,820</u> | <u>355,862</u> | <u>126,795</u> |
| Total assets less current liabilities | | <u>3,418,970</u> | <u>2,810,160</u> | <u>1,054,575</u> | <u>631,991</u> |
| Creditors amounts falling due after more than one year | 17 | (43,000) | (76,667) | (43,000) | (76,667) |
| Provisions for liabilities | 18 | <u>(48,184)</u> | <u>(36,004)</u> | <u>(48,184)</u> | <u>(36,004)</u> |
| | | <u>3,327,786</u> | <u>2,697,489</u> | <u>963,391</u> | <u>519,320</u> |
| Capital and reserves | | | | | |
| 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 | 3,237,551 | 2,607,254 | 887,398 | 443,327 |
| Shareholders' funds | 22 | <u>3,327,786</u> | <u>2,697,489</u> | <u>963,391</u> | <u>519,320</u> |

Approved by the Board and authorised for issue on

26 03 13


P D Merritt
Director

Company Registration No. 00784842

AFM HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2012

| | £ | 2012 £ | £ | 2011 £ |
|--|-----------|-----------|-----------|-----------|
| Net cash inflow from operating activities | | 1,164,018 | | 744,245 |
| Returns on investments and servicing of finance | | | | |
| Interest received | 51 | | 2,035 | |
| Interest paid | (3,353) | | (4,590) | |
| Dividends received | 23,584 | | 6,350 | |
| | | | | |
| Net cash inflow for returns on investments and servicing of finance | | 20,282 | | 3,795 |
| Taxation | | (189,917) | | (18,653) |
| Capital expenditure and financial investment | | | | |
| Payments to acquire tangible assets | (275,283) | | (66,180) | |
| Receipts from sales of tangible assets | 19,758 | | 33,281 | |
| | | | | |
| Net cash outflow for capital expenditure | | (255,525) | | (32,899) |
| Equity dividends paid | | (148,250) | | (130,097) |
| | | | | |
| Net cash inflow before management of liquid resources and financing | | 590,608 | | 566,391 |
| Management of liquid resources | | | | |
| Current asset investments | (29,252) | | (806,371) | |
| | | | | |
| | | (29,252) | | (806,371) |
| Financing | | | | |
| Other new long term loans | 40,000 | | 49,000 | |
| Repayment of other long term loans | (54,333) | | (69,990) | |
| | | | | |
| Net cash outflow from financing | | (14,333) | | (20,990) |
| | | | | |
| Increase/(decrease) in cash in the year | | 547,023 | | (260,970) |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2012

| | | | | | |
|----------|--|------------------------|------------------|-------------------------------|------------------------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | | 2012 | 2011 | |
| | | | £ | £ | |
| | Operating profit | | 1,015,887 | 690,828 | |
| | Depreciation of tangible assets | | 60,908 | 70,961 | |
| | (Loss)/profit on disposal of tangible assets | | 15,587 | (7,363) | |
| | Profit/(loss) on sale of current asset investments | | 5,668 | - | |
| | Decrease in stocks | | 43,852 | 2,314 | |
| | Increase in debtors | | (5,980) | (47,990) | |
| | Increase in creditors within one year | | 28,096 | 35,495 | |
| | Net cash inflow from operating activities | | <u>1,164,018</u> | <u>744,245</u> | |
| 2 | Analysis of net funds | 1 November 2011 | Cash flow | Other non-cash changes | 31 October 2012 |
| | | £ | £ | £ | £ |
| | Net cash | | | | |
| | Cash at bank and in hand | 1,311,139 | 547,023 | - | 1,858,162 |
| | Liquid resources | | | | |
| | Current asset investments | 788,590 | 29,252 | (17,781) | 835,623 |
| | Debts falling due within one year | (48,333) | (19,334) | - | (67,667) |
| | Debts falling due after one year | (76,667) | 33,667 | - | (43,000) |
| | | (125,000) | 14,333 | - | (110,667) |
| | Net funds | <u>1,974,729</u> | <u>590,608</u> | <u>17,781</u> | <u>2,583,118</u> |
| 3 | Reconciliation of net cash flow to movement in net funds | | 2012 | 2011 | |
| | | | £ | £ | |
| | Increase/(decrease) in cash in the year | | 547,023 | (260,970) | |
| | Cash outflow from increase in liquid resources | | 29,252 | 806,371 | |
| | Cash outflow from decrease in debt | | 14,333 | 20,990 | |
| | Amounts written off short-term investments | | 17,781 | (17,781) | |
| | Movement in net funds in the year | | <u>608,389</u> | <u>548,610</u> | |
| | Opening net funds | | 1,974,729 | 1,426,119 | |
| | Closing net funds | | <u>2,583,118</u> | <u>1,974,729</u> | |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2012

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. 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. 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 2012

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 £60,780 (2011 - £73,174). 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 | 2012 | 2011 |
|--|-------------------|-------------------|
| | £ | £ |
| Operating profit is stated after charging | | |
| Depreciation of tangible assets | 60,908 | 70,961 |
| Loss on disposal of tangible assets | 15,587 | - |
| Loss on foreign exchange transactions | 6 | 483 |
| Operating lease rentals | 160,696 | 161,034 |
| Fees payable to the group's auditor for the audit of the group's annual accounts (company £6,000, 2011 £5,800) | 45,700 | 44,000 |
| and after crediting | | |
| Profit on disposal of tangible assets | - | (7,363) |
| Profit on foreign exchange transactions | (582) | - |
| | <u> </u> | <u> </u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

| | | | |
|----------|---|-------------------|-------------------|
| 4 | Investment income | 2012 | 2011 |
| | | £ | £ |
| | Income from fixed asset investments | 29,252 | 6,350 |
| | | <u> </u> | <u> </u> |
| 5 | Amounts written off/(on) investments | 2012 | 2011 |
| | | £ | £ |
| | Amounts written off current asset investments | - | 17,781 |
| | Amounts written off current asset investments in prior years written back | (17,781) | - |
| | | <u> </u> | <u> </u> |
| 6 | Interest payable | 2012 | 2011 |
| | | £ | £ |
| | On bank loans and overdrafts | 30 | 26 |
| | Other interest | 3,333 | 4,590 |
| | | <u> </u> | <u> </u> |
| | | <u>3,363</u> | <u>4,616</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

| 7 | Taxation | 2012 £ | 2011 £ |
|----------|--|----------------|----------------|
| | Domestic current year tax | | |
| | U K corporation tax | 264,033 | 189,917 |
| | Total current tax | 264,033 | 189,917 |
| | Deferred tax | | |
| | Deferred tax charge/credit current year | 12,180 | 13,433 |
| | | <u>276,213</u> | <u>203,350</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 1,059,608 | 676,816 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.00%) | <u>254,306</u> | <u>175,972</u> |
| | Effects of | | |
| | Non deductible expenses | 30,651 | 23,409 |
| | Depreciation add back | 14,720 | 18,450 |
| | Capital allowances | (25,025) | (23,375) |
| | Tax losses utilised | 32,655 | - |
| | Dividends and distributions received | (5,660) | - |
| | Other tax adjustments | (37,614) | (4,539) |
| | | <u>9,727</u> | <u>13,945</u> |
| | Current tax charge for the year | <u>264,033</u> | <u>189,917</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 | | |
| | | 2012 £ | 2011 £ |
| | Holding company's profit for the financial year | <u>592,321</u> | <u>156,390</u> |
| 9 | Dividends | 2012 £ | 2011 £ |
| | Ordinary final paid | <u>148,250</u> | <u>130,097</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

10 Intangible fixed assets
Group

| | Goodwill £ |
|------------------------------|---------------|
| Cost | |
| At 1 November 2011 | 4,848 |
| Written off against reserves | (4,848) |
| | <hr/> |
| At 31 October 2012 | - |
| | <hr/> |
| Net book value | |
| At 31 October 2012 | - |
| | <hr/> <hr/> |
| At 31 October 2011 | 4,848 |
| | <hr/> <hr/> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

11 Tangible fixed assets

| Group | Land and buildings Leasehold | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|------------------------------------|------------------------|--------------------------------------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 November 2011 | 92,729 | 285,262 | 93,556 | 470,399 | 941,946 |
| Additions | - | 208,088 | - | 67,195 | 275,283 |
| Disposals | (23,878) | - | (5,163) | (100,954) | (129,995) |
| At 31 October 2012 | 68,851 | 493,350 | 88,393 | 436,640 | 1,087,234 |
| Depreciation | | | | | |
| At 1 November 2011 | 78,403 | 285,262 | 91,608 | 257,181 | 712,454 |
| On disposals | (9,552) | - | (5,002) | (80,096) | (94,650) |
| Charge for the year | - | 4,625 | 1,668 | 54,615 | 60,908 |
| At 31 October 2012 | 68,851 | 289,887 | 88,274 | 231,700 | 678,712 |
| Net book value | | | | | |
| At 31 October 2012 | - | 203,463 | 119 | 204,940 | 408,522 |
| At 31 October 2011 | 14,326 | - | 1,948 | 213,218 | 229,492 |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

Tangible fixed assets

Company

| | Land and buildings Leasehold | Plant and machinery | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|------------------------------------|------------------------|--------------------------------------|-------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 November 2011 | 68,851 | 285,262 | 87,045 | 470,399 | 911,557 |
| Additions | - | 208,088 | - | 67,195 | 275,283 |
| Disposals | - | - | - | (100,954) | (100,954) |
| At 31 October 2012 | <u>68,851</u> | <u>493,350</u> | <u>87,045</u> | <u>436,640</u> | <u>1,085,886</u> |
| Depreciation | | | | | |
| At 1 November 2011 | 68,851 | 285,262 | 85,377 | 257,181 | 696,671 |
| On disposals | - | - | - | (80,096) | (80,096) |
| Charge for the year | - | 4,625 | 1,668 | 54,615 | 60,908 |
| At 31 October 2012 | <u>68,851</u> | <u>289,887</u> | <u>87,045</u> | <u>231,700</u> | <u>677,483</u> |
| Net book value | | | | | |
| At 31 October 2012 | <u>-</u> | <u>203,463</u> | <u>-</u> | <u>204,940</u> | <u>408,403</u> |
| At 31 October 2011 | <u>-</u> | <u>-</u> | <u>1,668</u> | <u>213,218</u> | <u>214,886</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

12 Fixed asset investments

Company

| | Shares in group undertakings £ |
|---|---|
| Cost | |
| At 1 November 2011 & at 31 October 2012 | 290,310 |
| Net book value | |
| At 31 October 2012 | 290,310 |
| At 31 October 2011 | 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 | % |
| Subsidiary undertakings | | | |
| 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 |
| Weyside Management Services Limited | |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

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 | |
|-------------------------------------|----------------|----------------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Work in progress | 13,297 | 18,640 | - | - |
| Finished goods and goods for resale | 349,656 | 388,165 | - | - |
| | <u>362,953</u> | <u>406,805</u> | <u>-</u> | <u>-</u> |

14 Debtors

| | Group | | Company | |
|------------------------------------|------------------|------------------|----------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Trade debtors | 1,474,681 | 1,327,912 | 61,104 | - |
| Amounts owed by group undertakings | - | - | 114,372 | - |
| Other debtors | 288,211 | 247,410 | 6,846 | 10,488 |
| Prepayments and accrued income | 915,581 | 1,097,171 | 53,311 | 23,253 |
| | <u>2,678,473</u> | <u>2,672,493</u> | <u>235,633</u> | <u>33,741</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

15 Current asset investments

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Listed investments | 835,623 | 788,590 | 835,623 | 788,590 |
| Market valuation of listed investments | 845,048 | 788,590 | 845,048 | 788,590 |

16 Creditors : amounts falling due within one year

| | Group | | Company | |
|------------------------------------|-----------|-----------|---------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Trade creditors | 1,291,252 | 1,433,326 | 18,314 | - |
| Amounts owed to group undertakings | - | - | 705,672 | 979,758 |
| Corporation tax | 264,033 | 189,917 | 55,057 | 81,041 |
| Taxes and social security costs | 453,078 | 426,432 | 801 | - |
| Directors current accounts | - | 36,306 | - | 36,306 |
| Other creditors | 114,940 | 105,496 | 67,667 | 48,333 |
| Accruals and deferred income | 601,460 | 411,730 | 40,335 | 13,817 |
| | 2,724,763 | 2,603,207 | 887,846 | 1,159,255 |

17 Creditors amounts falling due after more than one year

| | Group | | Company | |
|---|----------|----------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Other loans | 43,000 | 76,667 | 43,000 | 76,667 |
| Analysis of loans | | | | |
| Wholly repayable within five years | 110,667 | 125,000 | 110,667 | 125,000 |
| Included in current liabilities | (67,667) | (48,333) | (67,667) | (48,333) |
| | 43,000 | 76,667 | 43,000 | 76,667 |
| Loan maturity analysis | | | | |
| In more than one year but not more than two years | 43,000 | 76,667 | 43,000 | 76,667 |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

18 Provisions for liabilities Group

| | Deferred taxation £ |
|----------------------------|---------------------------|
| Balance at 1 November 2011 | 36,004 |
| Profit and loss account | 12,180 |
| | <hr/> |
| Balance at 31 October 2012 | <u>48,184</u> |

Company

| | |
|----------------------------|---------------|
| Balance at 1 November 2011 | 36,004 |
| Profit and loss account | 12,180 |
| | <hr/> |
| Balance at 31 October 2012 | <u>48,184</u> |

The deferred tax liability is made up as follows

| | Group | | Company | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | <u>48,184</u> | <u>36,004</u> | <u>48,184</u> | <u>36,004</u> |

19 Pension and other post-retirement benefit commitments

Defined contribution

| | 2012 | 2011 |
|---|---------------|---------------|
| | £ | £ |
| Contributions payable by the group for the year | <u>60,780</u> | <u>73,174</u> |

20 Share capital

| | 2012 | 2011 |
|--|---------------|---------------|
| | £ | £ |
| Allotted, called up and fully paid 75,000 Ordinary Shares of each | <u>75,000</u> | <u>75,000</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

21 Statement of movements on reserves

Group

| | Share premium account £ | Other reserves (see below) £ | Profit and loss account £ |
|----------------------------|----------------------------------|---------------------------------------|---------------------------------|
| Balance at 1 November 2011 | 993 | 14,242 | 2,607,254 |
| Profit for the year | - | - | 783,395 |
| Goodwill written off | - | - | (4,848) |
| Dividends paid | - | - | (148,250) |
| Balance at 31 October 2012 | <u>993</u> | <u>14,242</u> | <u>3,237,551</u> |

Other reserves

Capital redemption reserve

Balance at 1 November 2011 & at 31 October 2012

14,242

Company

| | Share premium account £ | Profit and loss account £ |
|----------------------------|----------------------------------|---------------------------------|
| Balance at 1 November 2011 | 993 | 443,327 |
| Profit for the year | - | 592,321 |
| Dividends paid | - | (148,250) |
| Balance at 31 October 2012 | <u>993</u> | <u>887,398</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

| 22 Reconciliation of movements in shareholders' funds | 2012 | 2011 |
|--|------------------|------------------|
| Group | £ | £ |
| Profit for the financial year | 783,395 | 473,466 |
| Dividends | (148,250) | (130,097) |
| | <u>635,145</u> | <u>343,369</u> |
| Goodwill written-off | (4,848) | - |
| | <u>630,297</u> | <u>343,369</u> |
| Net addition to shareholders' funds | 630,297 | 343,369 |
| Opening shareholders' funds | 2,697,489 | 2,354,120 |
| | <u>3,327,786</u> | <u>2,697,489</u> |
| Closing shareholders' funds | <u>3,327,786</u> | <u>2,697,489</u> |
| | 2012 | 2011 |
| Company | £ | £ |
| Profit for the financial year | 592,321 | 156,390 |
| Dividends | (148,250) | (130,097) |
| | <u>444,071</u> | <u>26,293</u> |
| Net addition to shareholders' funds | 444,071 | 26,293 |
| Opening shareholders' funds | 519,320 | 493,027 |
| | <u>963,391</u> | <u>519,320</u> |
| Closing shareholders' funds | <u>963,391</u> | <u>519,320</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

23 Financial commitments

At 31 October 2012 the group had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | | Other | |
|----------------------------|--------------------|----------------|----------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Expiry date | | | | |
| Within one year | 32,983 | - | - | - |
| Between two and five years | 13,500 | 46,458 | - | 15,757 |
| In over five years | 121,200 | 121,200 | - | - |
| | <u>167,683</u> | <u>167,658</u> | <u>-</u> | <u>15,757</u> |

At 31 October 2012 the company had annual commitments under non-cancellable operating leases as follows

| | Land and buildings | | Other | |
|--------------------|--------------------|---------------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | £ | £ | £ | £ |
| Expiry date | | | | |
| In over five years | <u>79,200</u> | <u>79,200</u> | <u>-</u> | <u>-</u> |

24 Director's remuneration

| | 2012 | 2011 |
|---|---------------|---------------|
| | £ | £ |
| Company pension contributions to defined contribution schemes | <u>60,000</u> | <u>45,000</u> |

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2012

25 Employees

Number of employees

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

| | 2012 Number | 2011 Number |
|----------------|----------------|----------------|
| Management | 8 | 8 |
| Production | 52 | 51 |
| Administration | 45 | 45 |
| | <u>105</u> | <u>104</u> |

Employment costs

| | 2012 £ | 2011 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,476,260 | 3,394,166 |
| Social security costs | 370,621 | 358,277 |
| Other pension costs | 60,780 | 73,174 |
| | <u>3,907,661</u> | <u>3,825,617</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 Whitefoord Pension & Trustee Services Ltd.

AFM HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

27 Related party relationships and transactions

Dividends to Directors

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

| | 2012 | 2011 |
|-------------|----------------|----------------|
| | £ | £ |
| P D Merritt | 148,250 | 130,097 |
| | <u>148,250</u> | <u>130,097</u> |

Other transactions

During the period rent totalling £79,200 (2011 £79,200) was paid to AFM Limited Pension Fund Trust. The relevant lease has 6 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 £110,667 (2011 £125,000) 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 (2011 £42,000) was paid to AFM Business Trust, of which Paul Merritt and Alan MacDonald are trustees. The relevant lease has 6 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.