

A&N Management Limited

**Director's report and financial
statements**

**Registered number 02117903
For the year ended 31 March 2012**



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Director's report

The directors present their annual report and audited financial statements for the year ended 31 March 2012

Principal activities

The principal activity during the year of the Company was that of the sale and hire of rotating and positioning equipment

Business review

The results for the year are shown on page 6

Turnover increased to £7,379,877 from £6,785,426

Operating profit was £1,712,433 compared to £654,329 in the previous period, whilst the profit on ordinary activities before taxation increased to £1,542,490 from £508,430

The performance in the year is in line with the expectations of the directors and reflects the ongoing trading performance of the company

The company made a profit for the year after taxation of £1,093,738 (2011 £421,105)

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly

Principal risks and uncertainties

The principal risks and uncertainties facing the company are competitive and financial risks

- *Economic risk*

The business is closely tied to non-residential construction. As such a steep down-turn in this sector will have a material impact on financial performance of the company

In addition, trading is influenced by the macro-economic environment in the UK and abroad. Demand in the market is sensitive to economic conditions generally including economic growth, interest rate movements, inflation, unemployment and demographic trends

- *Exposure credit and liquidity risk*

Company policies are aimed at minimising credit risk and require that credit is only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The company regularly uses credit check resources, such as D&B, to help minimize risk

- *Currency risk*

The company transacts primarily in GBP and Euros and holds cash in both currencies. The exposure is limited to short term trade receivables and payables. As such, the company has deemed this to be an acceptable level of risk and does not employ hedging strategies

- *Competition risk*

The sales platform emphasizes quality of customer service vs competitors. This approach is aimed to militate against aggressive pricing. This allows us to maintain a competitive and profitable pricing structure

- *Reputation risk*

The company will continue to monitor complaints, understand root causes for negative feedback and aggressively address misrepresentations or misconceptions in the media and in the on-line consumer arena

Director's report *(continued)*

Future developments

A&N's primary objective continues to grow the current business and integrate RDA welder and generator rentals into the business model and the year ended 31 March 2012 moved this objective forward. The increase in sales and profitability continues to be driven by domestic UK power projects and other non-domestic energy projects – and was supplied by additional investment into the rental fleet. We expect demand to continue to rise, at a moderate pace, and to further increase investment in welders and generators as the business develops, with emphasis on expanding our presence via dealers in international markets that are rapidly expanding including Saudi Arabia and Australia.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

Directors who held office during the year were as follows:

TM Smyth

JW Holloway – resigned on 24 August 2012

Subsequent to the year end RA McCrorie was appointed a director on 24 August 2012.

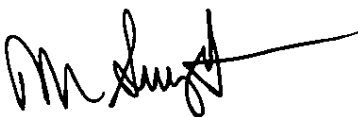
Disclosure of information to auditor

The directors who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is aware, and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



TM Smyth
Director

Statement of director's responsibilities in respect of the Director's Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of A&N Management Limited

We have audited the financial statements of A&N Management Limited for the year ended 31 March 2012, set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

Independent auditor's report to the members of A&N Management Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

 4/2/2013

R A Stevenson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Profit and loss account
for the year ended 31 March 2012

	<i>Note</i>	2012 £	2011 £
Turnover	2	7,379,877	6,785,426
Cost of sales		(3,845,974)	(4,117,862)
Gross profit		<u>3,533,903</u>	<u>2,667,564</u>
Administrative expenses		(1,821,470)	(2,013,235)
Operating profit	3	1,712,433	654,329
Interest receivable and similar income	6	6,347	(16,839)
Interest payable and similar charges	7	(176,290)	(129,060)
Profit on ordinary activities before taxation		<u>1,542,490</u>	<u>508,430</u>
Tax on profit on ordinary activities	8	(448,752)	(87,325)
Profit for the financial year	16/17	<u><u>1,093,738</u></u>	<u><u>421,105</u></u>

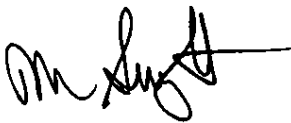
The Company has no recognised gains or losses other than those shown above

All figures relate to continuing activities

Balance sheet
At 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		11,756,420		9,126,492
Current assets					
Stocks	10	1,771,991		2,128,171	
Debtors	11	4,026,515		2,727,220	
Cash at bank and in hand		629,501		1,598,573	
		<u>6,428,007</u>		<u>6,453,964</u>	
Creditors: amounts falling due within one year	12	<u>(2,016,771)</u>		<u>(1,478,724)</u>	
Net current assets			<u>4,411,236</u>		<u>4,975,240</u>
Total assets less current liabilities			<u>16,167,656</u>		<u>14,101,732</u>
Creditors: amounts falling due after more than one year	13		<u>(7,541,000)</u>		<u>(6,831,000)</u>
Provisions for liabilities	14		<u>(640,443)</u>		<u>(378,257)</u>
Net assets			<u>7,986,213</u>		<u>6,892,475</u>
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		7,985,213		6,891,475
Shareholders' funds	17		<u>7,986,213</u>		<u>6,892,475</u>

These financial statements were approved by the board of directors on 29 JAN 2013 and were signed on its behalf by



TM Smyth
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As 100% of the Company's voting rights are controlled within the group headed by Argas Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Argas Inc, within which this Company is included, can be obtained from the address stated in note 19

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives using the straight line method

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Assets acquired under finance leases and hire purchase agreements are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover is the amount invoiced by the company for the following activities

- Direct sales of equipment where revenue is recognised at point of despatch
- Rental income where revenue is recognised on an accrual basis when earned
- Service revenue is recognised when the work is completed

2 Analysis of turnover

	2012 £	2011 £
<i>By geographical market</i>		
UK	3,183,203	2,531,207
Rest of Europe and Scandanavia	1,913,379	2,375,775
Middle East	1,467,099	1,053,135
Rest of the world	816,196	825,309
	7,379,877	6,785,426

3 Profit on ordinary activities before taxation

	2012 £	2011 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting).</i>		
Auditor's remuneration		
Audit of these financial statements	25,500	23,500
Depreciation	996,864	954,387
Profit on disposal of fixed assets	(593,550)	(135,599)
Hire of other assets - land and buildings	78,601	96,893
	78,601	96,893

4 Remuneration of directors

None of the directors received any emoluments during the current or previous year

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2012	2011
Management	1	1
Administration	2	2
Selling	1	1
Operations	14	14
	<u>18</u>	<u>18</u>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£	£
Wages and salaries	678,110	658,404
Social security costs	68,566	64,132
	<u>746,676</u>	<u>722,536</u>

6 Other net interest receivable and similar income

	2012	2011
	£	£
Foreign exchange gain/(losses)	<u>6,347</u>	<u>(16 839)</u>

7 Other interest payable and similar charges

	2012	2011
	£	£
Bank interest	176,290	128,866
Hire purchase interest	-	194
	<u>176,290</u>	<u>129,060</u>

Notes (continued)

8 Taxation

Analysis of charge in year

	2012	2011
	£	£
<i>UK corporation tax at 26% (2011 28%)</i>		
Current tax on income for the year	101,152	144,297
Adjustment in respect of previous year	85,414	-
	<hr/>	<hr/>
Total current tax	186,566	144,297
Double tax relief	(101,152)	(144,297)
	<hr/>	<hr/>
	85,414	-
<i>Foreign tax</i>		
Current tax on income for the year	101,152	144,297
	<hr/>	<hr/>
Total current tax	186,566	144,297
	<hr/>	<hr/>
<i>Deferred tax</i>		
Current year	294,212	(44,230)
Rate difference	-	(12,969)
Adjustment in respect of prior years	(32,026)	227
	<hr/>	<hr/>
Total deferred tax	262,186	(56,972)
	<hr/>	<hr/>
Total tax charge	448,752	87,325
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

	2012	2011
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,542,490	508,430
	<hr/>	<hr/>
Current tax charge at 26% (2011 28%)	401,048	142,360
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	3,876	35,946
Depreciation (less)/greater than capital allowances	(347,582)	44,230
Adjustments in respect of capital gains	43,810	44,393
Group relief claimed	-	(35,837)
Non taxable income	-	(86,795)
Adjustment in respect of previous year	85,414	-
	<hr/>	<hr/>
Total current tax charge – see above	186,566	144,297
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures and equipment £	Motor Vehicles £	Total £
<i>Cost</i>				
At 1 April 2011	11,227,774	116,602	160,366	11,504,742
Additions	4,645,890	40,483	91,159	4,777,532
Disposals	(1,541,926)	-	(59,972)	(1,601,898)
At 31 March 2012	14,331,738	157,085	191,553	14,680,376
<i>Depreciation</i>				
At 1 April 2011	2,255,804	46,208	76,238	2,378,250
Charge for year	958,219	12,821	25,824	996,864
On disposals	(436,389)	2,670	(17,439)	(451,158)
At 31 March 2012	2,777,634	61,699	84,623	2,923,956
<i>Net book value</i>				
At 31 March 2012	11,554,104	95,386	106,930	11,756,420
At 1 April 2011	8,971,970	70,394	84,128	9,126,492

10 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,771,991	2,128,171

11 Debtors

	2012 £	2011 £
Trade debtors	2,725,239	1,463,631
VAT	325,797	57,874
Corporation tax	50,000	-
Other debtors	2,356	4,587
Amount owed from group undertaking	817,412	817,412
Prepayments and accrued income	105,711	383,716
	4,026,515	2,727,220

Notes (continued)

12 Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	1,573,205	726,869
Corporation tax	-	52
Other taxation and social security	55,781	11,919
Accruals and deferred income	387,785	739,884
	<u>2,016,771</u>	<u>1,478,724</u>

13 Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Amounts owed to group undertakings	<u>7,541,000</u>	<u>6,831,000</u>

14 Provisions for liabilities – deferred tax

	2012	2011
	£	£
At beginning of year	378,257	435,229
Movement in the year	262,186	(56,972)
	<u>640,443</u>	<u>378,257</u>

The deferred tax provision of £640,443 (2011 £378,257) is calculated at 24% (2011 26%), which primarily relates to the difference between accumulated depreciation and accelerated capital allowances

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 30 March 2012.

This will reduce the company's future current tax charge accordingly and further reduce the provided deferred tax liability at 31 March 2012 by £53,370.

15 Called up share capital

	2012	2011
	£	£
<i>Allotted, called up and fully paid</i> 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Notes (continued)

16 Profit and loss account

	2012 £	2011 £
At beginning of year	6,891,475	6,470,370
Profit for the year	1,093,738	421,105
	7,985,213	6,891,475
At end of year	7,985,213	6,891,475

17 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,093,738	421,105
Net increase in shareholders' funds	1,093,738	421,105
Shareholders' funds at beginning of year	6,892,475	6,471,370
Shareholders' funds at end of year	7,986,213	6,892,475

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings £	2012 Other £	2011 Land and Buildings £	2011 Other £
<i>Operating leases which expire:</i>				
In the second to fifth years inclusive	70,500	-	70,500	-
	70,500	-	70,500	-

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of RED-D ARC Limited incorporated in the England & Wales

The largest group in which the results of the Company are consolidated is that headed by Airgas Inc incorporated in UNITED STATES the financial statements of which are available to the public and may be obtained from www.airgas.com – click on “2012 Annual Report”