

ABBHEY GROUP LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 APRIL 2011

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ABBEY GROUP LIMITED

COMPANY INFORMATION

DIRECTORS	C H Gallagher L G Fraquelli D J Dawson	(Chairman)
SECRETARY	D J Dawson	
REGISTERED OFFICE	Abbey House 2 Southgate Road Potters Bar Hertfordshire EN6 5DU	
	Telephone Potters Bar Fax Potters Bar	(01707) 651266 (01707) 621208
REGISTERED NO	0540396	
AUDITORS	Ernst & Young Chartered Accountants Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2	
BANKERS	Barclays Bank plc Barclays Business Centre St Albans Branch Blenheim Gate 22/24 Upper Marlborough Road St Albans Hertfordshire AL1 3AL	
	Allied Irish Bank plc Retail Business P O Box 52496 London NW3 9ED	
SOLICITORS	Dickins Shiebert Limited Matthew House (first floor) 45/47 High Street Potters Bar Hertfordshire EN6 5AW	

ABBHEY GROUP LIMITED

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ABBEEY GROUP LIMITED

DIRECTORS REPORT

The directors present their report and the Group accounts for the year ended 30 April 2011

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENTS OF THE BUSINESS

The Group's principal activities during the year continued to be

Residential housing and land development
Plant hire and plant rental

RESULTS AND DIVIDENDS

The Group profit for the year after taxation amounted to £5 727,796 (2010 profit £5,489 871), which has been added (2010 added) to the profit and loss account

No dividend (2010 Nil) was paid during the year The directors do not propose a final dividend

KEY PERFORMANCE INDICATORS

Measurement of the Group's performance is consistently applied and control is exercised by Group and divisional management The Group uses the following key performance indicators to evaluate its performance

- 1 *Financial Performance Compared to Budget*
The Group has a budgeting system in place whereby actual performance is measured against budget both financial and non-financial on a monthly reporting timetable
- 2 *Unit Reservations*
The Group reviews the weekly net house sales reservations and weekend site visitor numbers
- 3 *Development Site Profit Margin*
The Group evaluates the gross profit margin of each development site on a monthly basis
- 4 *Machine Count*
The Group reviews the machine count for each plant hire depot on a weekly basis

BUSINESS REVIEW

Our housebuilding operations sold 245 units (2010 423) with turnover of £37 645,128 (2010 £58 959 921) generating an operating profit of £7 659 281 (2010 profit £7 524 760) Trading in the UK housing division was dull over the period with volumes in particular continuing to run at depressed levels In Prague we completed 21 sales and are able to report a second year of operating profit At the year end the Group owned or controlled land with the of planning permission for the supply of 882 plots

Our plant hire business, M&J reported an operating profit of £222,235 (2010 loss £708 776) on turnover of £10 054,847 (2010 £8 923 117) Overall this was a good improvement from last year

A gain on disposal of property of £350 000 (2010 £78 080) was realised

Following a valuation exercise our land and buildings suffered an impairment charge of £71 000

Rental income primarily from ground rents and the letting of surplus space at the Group property was £261 803 (2010 £243 734)

A review of the Group's business is given in the 2011 Report and Accounts of the holding company Abbey plc.

FUTURE DEVELOPMENTS

UK housing market conditions continue to soften and there is no indication of a yearly improvement Sales in Prague are still very slow It will be tough for housebuilding in both our markets however we are now budgeting increasing turnover in this division as our restocking in England takes shape

Trading conditions for plant hire remain difficult with debt collection a particular focus and concern Turnover however is improving on a year on year basis and we are cautiously hopeful of further progress in the months ahead

DIRECTORS REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Company law requires the Group to give a description of the principal risks and uncertainties which it faces. Abbey Group's business in which it is engaged is constantly evolving and the list below of the principal risks for the Group are constantly changing.

- The Group is engaged in speculative development which is by its nature highly risky. Occasional substantial losses are a cyclical feature of its business.
- The Group operates in a very competitive market and therefore it is essential that the Group continues to compete successfully.
- Any reduction in economic growth in the countries in which the Group operates may adversely affect the Group's revenue and margins.
- The Group's performance will be affected by fuel and raw material prices and the cyclical changes of the producers of these raw materials.
- The Group's performance will be affected by the purchase price of plant and tools used in the plant hire business.
- The Group is subject to substantial laws, regulations and standards such as environmental health and safety and building regulations which could result in additional costs related to compliance with these laws and regulations.
- Any adverse economic interest rate changes will impact on the Group.

DIRECTORS AND THEIR INTERESTS

All the directors stated above held office throughout the year.

Mr C H Gallagher retires by rotation and being eligible offers himself for re-election.

The directors who held office at the end of the financial year had at no time any beneficial interest in the shares of the company. The interests of the directors in the shares of the ultimate holding company, Abbey plc are disclosed in that company's directors' report.

FIXED ASSETS

Information relating to tangible fixed assets is given in note 10 to the accounts.

In accordance with the Group's accounting policy, all freehold and leasehold properties were revalued by independent external valuers at 30 April 2011. The valuation of £5 852 000 is incorporated into the 2011 accounts.

CORPORATE SOCIAL RESPONSIBILITY

We are fully committed to operating ethically and responsibly in relation to employees, customers, neighbours and all other stakeholders.

Employees

The board commends and thanks the management and staff of the Group for their continued loyalty, efforts and commitment.

The average number of employees during the year is set out in note 6 to the financial statements.

Disabled Employees

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

A permanent health insurance scheme is in operation to those eligible employees, completely financed by the Group, the object of which is to provide substantial income benefits to full-time directors and staff during periods of prolonged disability resulting from illness or accident after 26 weeks absence from employment on medical grounds.

Employee Involvement

The continuing Group policy with regard to employee consultation and involvement is that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs and future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of companies in the Group but, in all cases, the emphasis is on communication at the local level. Details of the Group's financial results are circulated each half and full year and periodic staff seminars are also held to discuss various aspects of the Group's business.

ABBHEY GROUP LIMITED

DIRECTORS' REPORT (continued)

CORPORATE SOCIAL RESPONSIBILITY (continued)

Health and Safety

The Group pays particular adherence to health and safety matters

Environment

The Group pays particular adherence to applicable environmental legislation and request that our employees and subcontractors are aware of their responsibilities in this regard. The Group supports various charities and local events

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political contributions during the year and donations for charitable purposes amounted to £3 102 (2010: £1 900)

IMPORTANT EVENTS SINCE THE YEAR END

There have been no important events since the year end

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to

- * select suitable accounting policies and then apply them consistently
- * make adjustments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

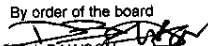
The directors who were members of the board at the time of approving the directors' report are listed under Group information above. Having made enquiries of fellow directors and of the Group's auditors, each of these directors confirms that

- * to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report which the Group's auditors are unaware of, and
- * each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting

By order of the board


D J DAWSON

Secretary

13 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED

We have audited the financial statements of Abbey Group Limited for the year ended 30 April 2011 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Note of Historical Cost Profits, the Group and Parent Company Balance Sheets and the related notes 1 to 28. 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 directors and auditor

As explained more fully in the Directors' 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 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 parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts 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 of the parent company's affairs as at 30 April 2011 and of the group's profit for the year then ended,
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED
(continued)**

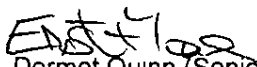
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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
- ▶ the parent company financial statements are not in agreement with the accounting records, 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


Dermot Quinn (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor

Dublin, Ireland

13 July 2011

ABBHEY GROUP LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2011**

	Note	2011 £	2010 £
TURNOVER - continuing operations	2	47 699 975	65 883 038
COST OF SALES			
Operating		(35 464 306)	(53,764 195)
GROSS PROFIT		12,235,669	12 118,843
ADMINISTRATIVE EXPENSES		(4 354 153)	(5 302,859)
GAIN ON PROPERTY DISPOSAL	3	350 000	78 080
IMPAIRMENT OF PROPERTY	3	(71 000)	
OTHER OPERATING INCOME		261,803	243 734
OPERATING PROFIT - continuing operations	5	8 422,319	7 137 798
Interest receivable - net	8	131 059	324,022
Other finance charges	8	(142,000)	(63 000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	8,411,378	7 398 820
Taxation	9	(2,683 582)	(1 908 949)
PROFIT FOR THE FINANCIAL YEAR		5 727 796	5 489,871

ABBEEY GROUP LIMITED

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2011**

	2011 £	2010 £
Profit for the financial year	5,727,796	5 489 871
Actuarial gain / (loss) on group defined benefit pension obligations	813 000	(5 064,000)
Deferred tax movement relating to actuarial gain / (loss) on group defined benefit pension obligations in current year	(211,380)	1 417 920
Unrealised deficit on revaluation of trading properties	(55 880)	-
Total gains and losses for the financial year	<u>6,273,536</u>	<u>1 843 791</u>

**NOTE OF HISTORICAL COST PROFITS
FOR THE YEAR ENDED 30 APRIL 2011**

	2011 £	2010 £
Reported profit on ordinary activities before taxation	8,411,378	7 398 820
Realisation of property revaluation gains of previous years	-	631,976
Historical cost profit on ordinary activities before taxation	<u>8 411 378</u>	<u>8 030,796</u>
Historical cost profit on ordinary activities after taxation	<u>5 727 796</u>	<u>6,121,847</u>

ABBEEY GROUP LIMITED

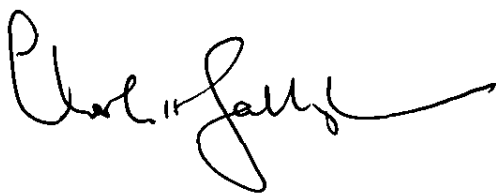
GROUP BALANCE SHEET - 30 APRIL 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	10	16 041 017	15 166,863
Investment property	11	1,076 341	765 000
		<hr/>	<hr/>
		17,117 358	15 931 863
CURRENT ASSETS			
Stocks	13	66 815 238	44 070,557
Debtors	14	11 948,990	15 427 532
Investments	15	5 000	5 000
Restricted cash at bank	16	1 374,864	3 859 528
Cash at bank and in hand	16	11,483 321	27 049 587
		<hr/>	<hr/>
		91,627 413	90 412 204
CREDITORS Amounts falling due within one year	17	(42 572 584)	(45 353 630)
		<hr/>	<hr/>
NET CURRENT ASSETS		49 054 829	45 058 574
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		66 172 187	60,990 437
PROVISION FOR LIABILITIES			
Deferred taxation	19	-	(178 934)
PENSION AND POST RETIREMENT ASSET (net of deferred tax)	24	1 948 420	1 089 360
		<hr/>	<hr/>
		68 120 607	61 900,863
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	20	4,000 000	4 000 000
Property revaluation reserve	21	3 177 699	3 233,579
Currency translation	22	(328 455)	(274 663)
Profit and loss account	22	61 271 363	54,941 947
		<hr/>	<hr/>
SHAREHOLDERS FUNDS	22	68 120 607	61 900 863
		<hr/>	<hr/>

C H GALLAGHER

Director

13 July 2011



ABBHEY GROUP LIMITED
Company number: 0540398

COMPANY BALANCE SHEET - 30 APRIL 2011

	Note	2011 £	2010 £
FIXED ASSET INVESTMENTS	12	7,750,006	7,750,006
CURRENT ASSETS			
Debtors	14	18,045,792	19,531,984
Investments	15	5,000	5,000
Cash at bank		916,673	35,081
		<u>18,967,465</u>	<u>19,572,065</u>
CREDITORS: Amounts falling due within one year	17	(4,046,942)	(4,594,746)
NET CURRENT ASSETS		<u>14,920,523</u>	<u>14,977,319</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,670,529</u>	<u>22,727,325</u>
CREDITORS: Amounts falling due after more than one year	18	(6)	(6)
		<u>22,670,523</u>	<u>22,727,319</u>
CAPITAL AND RESERVES			
Called up share capital	20	4,000,000	4,000,000
Profit and loss account	22	18,670,523	18,727,319
SHAREHOLDERS' FUNDS	22	<u>22,670,523</u>	<u>22,727,319</u>



C. H. GALLAGHER

Director

13 July 2011

NOTES TO THE ACCOUNTS 30 APRIL 2011

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared on the going concern basis under the historical cost convention (modified to include the revaluation of land and buildings) and in accordance with generally accepted accounting practice in the United Kingdom

(b) Basis of consolidation

The Group accounts consolidate the accounts of Abbey Group Limited and all its subsidiary companies for the year ended 30 April 2011. These accounts have been audited with the exception of those relating to dormant subsidiary companies where the directors have taken advantage of section 480 of the Companies Act 2006 which permits such companies not to appoint auditors

As permitted by Section 408(3) of the Companies Act 2006 no profit and loss account is presented by the company. The profit dealt with in the profit and loss account of the company is disclosed in note 22

(c) Cash flow statement

Under the provisions of Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements" exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a Group that prepares publicly available consolidated financial statements in which the subsidiary undertakings results are included. The Group has availed of this exemption

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue represents the value of goods and services supplied to external customers and excludes inter-group sales and value added tax. The following criteria must also be met before revenue is recognised:

Housing

Revenue on housing developments and the respective profits are recognised when the property is structurally complete and legally transferred to the purchaser

Plant hire

Revenue comprises charges to third parties net of value added tax for the hire, rental, sales and maintenance of construction plant, vehicles, tools and portable buildings. All intra group transactions having been eliminated

Property rental

Revenue is recognised in the period the rent is due from third parties net of value added tax. All intra group transactions having been eliminated

Interest income

Revenue is recognised as interest accrues in the period

(e) Foreign currencies

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account

Company

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

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

1 ACCOUNTING POLICIES - Continued

(f) Fixed assets

Depreciation is provided by the Group to write off the original cost less estimated residual value, of tangible fixed assets over their estimated useful economic lives in equal installments as follows

Buildings	50 years
Plant machinery and motor vehicles	2 to 8 years
Fixtures and fittings	4 years
Computers	2 to 4 years

Investment properties consist of land and buildings which are held for long-term rental yields and capital appreciation. Investment properties are carried at their valuation and will be re-valued in accordance with the requirement of SSAP 19 'Accounting for Investment Property' by external surveyors and periodically thereafter.

Properties occupied by Group companies are classified as trading properties and are revalued triennially by external valuers on an "open market value" basis. The directors review the valuations of all properties annually. Such revaluation gains, if material, are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

(g) Stocks

Building land and roads are stated at the lower of cost and estimated net realisable value less an appropriate proportion relating to plots or property sold in the case of estates in the course of development. The cost of roads includes direct labour and materials.

New houses under construction and unsold finished new houses are stated at cost comprising direct labour and material costs.

Stocks of raw materials, spare parts, consumable stores, calor gas and goods for resale are stated at the lower of cost and estimated net realisable value and, in determining cost, the average purchase price is used.

(h) Deferred taxation

Provision for deferred taxation is recognised in full on all timing differences which exist at the balance sheet date. Deferred tax is measured using tax rates substantively enacted at the balance sheet date.

(i) Pensions

The Group operates a defined benefit scheme for its eligible salaried employees, the assets of which are held in a trust fund separate from the Group's finances.

In accordance with FRS17 - 'Retirement Benefits' scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis using the projected unit method discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. The operating and financing costs of pension and post retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

Independent Actuarial valuations of the scheme are made every three years.

The Group also contributes to defined contribution and personal pension schemes for eligible employees, the assets of which are held in trust funds separate from the Group's finances. The Group's contributions are charged against profits in the period to which they relate.

(j) Leasing

Operating lease rentals are charged to profit and loss account as incurred.

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

2 TURNOVER

Turnover all of which is derived from continuing operations with all intra Group transactions having been eliminated, comprises the following

- (a) Sales of houses and land plots to third parties
- (b) Charges to third parties net of value added tax for the hire, rental sale and maintenance of construction plant vehicles tools and portable buildings

The analysis of turnover by class of business is

	2011 £	2010 £
Residential housing and land development	37,645,128	56,959,921
Plant hire and plant rental	10,054,847	8,923,117
	<u>47,699,975</u>	<u>65,883,038</u>

All business was transacted in the United Kingdom

3 EXCEPTIONAL ITEMS

	£	£
Gain on disposal of property	<u>350,000</u>	<u>78,080</u>
During the year an additional gain resulted from the disposal of a property in a previous period		
Impairment of property	<u>(71,000)</u>	<u>-</u>

At the year end a review of the fair value of land and buildings and investment properties was undertaken. This has resulted in an impairment on land and buildings.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation arises by class of business as follows

	2011 £	2010 £
Residential housing and land development	7,659,281	7,524,760
Plant hire and plant rental	222,235	(708,776)
Surplus on disposal of property	350,000	78,080
Impairment on land and buildings	(71,000)	-
Other operating income	261,803	243,734
Interest and other finance charges	(10,941)	261,022
	<u>8,411,378</u>	<u>7,398,820</u>

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

5 OPERATING PROFIT

	2011 £	2010 £
The operating profit is stated after charging / (crediting)		
Impairment of property	(71,000)	-
Management charge (receivable) / payable (from) / to holding company	(51,462)	(11,029)
Depreciation of tangible fixed assets	3,889,686	3,718,429
Profit on disposal of tangible fixed assets	(504,976)	(555,662)
Operating lease rentals		
Rent of land and buildings	157,360	176,619
Hire of plant and machinery	263,681	250,436
Auditors' remuneration - audit fees	55,700	55,700
- non audit fees	16,500	19,430
Rental income	(261,803)	(243,734)

6 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2011 £	2010 £
Wages and salaries	5,155,854	5,335,133
Social security costs	570,932	590,834
Pension costs	390,042	353,481
	6,116,828	6,279,448

The monthly number of persons directly employed by the Group during the year by class of business excluding sub-contractors engaged on the Group's development sites was

	2011 No	2010 No
Group management	6	6
Residential housing and land development	38	42
Plant hire and plant rental	113	112
	157	160

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

7 REMUNERATION OF DIRECTORS

	2011 £	2010 £
Emoluments in respect of qualifying services	946 002	952 862
Pension contributions	175 577	169,526
	<hr/>	<hr/>
	1,121,579	1 122,388
	<hr/>	<hr/>

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is one (2010: one). One director is a deferred member of the defined benefit pension scheme and one has contributions to a defined contribution pension scheme.

The amounts in respect of the highest paid director were:

	2011 £	2010 £
Emoluments in respect of qualifying services	578 520	578 930
Retirement benefit expense	112 000	112,000
	<hr/>	<hr/>
	690 520	690,930
	<hr/>	<hr/>

The accrued pension of the highest paid director as at 30 April 2011 was £Nil (2010: £Nil).

ABBAY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

8 INTEREST RECEIVABLE -NET

	2011 £	2010 £
Payable		
Bank loans and overdrafts repayable within five years		(10)
Other	(13,697)	(2,403)
	(13,697)	(2,413)
Receivable		
Bank	130,806	200,597
Other	13,950	125,838
	131,059	324,022
OTHER FINANCE COSTS		
Expected return on scheme assets (see note 23)	844,000	798,000
Interest obligation on pension scheme liabilities (see note 23)	(986,000)	(861,000)
	(142,000)	(63,000)

9 TAXATION

The tax charge is made up as follows

	2011 £	2010 £
Current Tax		
Corporation tax at 27.83% (2010: 28.00%)	2,554,806	1,977,982
Corporation tax prior year adjustment	315,376	
	2,870,182	1,977,982
Deferred tax		
	(186,600)	(69,033)
	2,683,582	1,908,949

The tax assessed on the profit on ordinary activities for the period is different than the standard rate of corporation tax in the UK of 27.83% (2010: 28.00%). The differences are reconciled below

	2011 (% of profit before taxation)	2010 (% of profit before taxation)
UK corporation tax rate	27.8	28.0
Depreciation in excess of capital allowances	2.0	0.8
Other timing differences	0.6	(1.2)
Prior year adjustments	3.7	(0.6)
Rollover relief claimed on gain on property disposals		(0.3)
	34.1	26.7

The effective tax rate is dependent on taxable profits made in the related jurisdiction the Group operates. The Chancellor announced in the Budget on 23 March 2011 that the standard rate of UK Corporation tax would be reduced from 28% to 26% from 1 April 2011. This reduction was substantively enacted on 29 March 2011 and therefore has been reflected in the deferred tax and corporation tax calculations. Future reductions are planned to take the rate down by 1% per annum to 23% from 1 April 2014.

The movement on deferred tax relates primarily to the origination and reversal of timing differences as detailed in note 18 and also includes temporary differences on application of FRS17 - Retirement Benefits. The related 'FRS17 - Retirement Benefits' deferred tax liability (2010: liability) has been netted off against the Pension and Post Retirement asset.

ABBHEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

10 TANGIBLE FIXED ASSETS

Group	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Computers £	Total £
Cost or valuation						
At 1 May 2010	6,025,000	23,119,365	2,271,647	472,114	317,238	32,205,364
Additions		4,634,925	483,297	18,453	55,420	5,192,095
Disposals	-	(3,172,775)	(427,726)	(6,169)	(40,081)	(3,648,751)
Revaluation	(51,880)	-	-	-	-	(51,880)
At 30 April 2011	5,973,120	24,581,515	2,327,218	484,398	332,577	33,698,828
Depreciation						
At 1 May 2010	60,560	14,751,762	1,578,093	352,177	294,909	17,038,501
Provided during the year	60,560	3,284,059	281,744	64,112	19,211	3,689,686
Disposals	-	(2,652,130)	(372,017)	(6,169)	(40,060)	(3,070,376)
At 30 April 2011	121,120	15,383,691	1,486,820	410,120	274,060	17,657,811
Net book value						
At 30 April 2011	5,852,000	9,217,824	838,398	74,278	58,517	16,041,017
At 30 April 2010	5,964,440	8,367,603	692,554	119,937	22,329	15,166,863

Plant and machinery includes assets held for hire with a cost of £24,548,174 (2010: £23,088,023) and accumulated depreciation of £15,333,684 (2010: £14,721,754).

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

10 TANGIBLE FIXED ASSETS - Continued

(a) Valuation of land and buildings

(i) All land and buildings were valued at 30 April 2011 by external independent surveyors Glenney Chartered Surveyors on an existing use value basis. The valuation is determined without regard to costs of purchase. The directors reviewed that overall valuation at 30 April 2011 and considered that no further adjustment was required.

	2011 £	2010 £
Trading properties	5 500 000	5 584,440
Freehold land and buildings	352,000	400 000
Long leasehold property		
	<u>5 852,000</u>	<u>5 984 440</u>

(ii) The historical cost of land and buildings included at valuation is

	2011 £	2010 £
Trading properties	3 701 276	3 314 935
	<u>3 701 276</u>	<u>3 314 935</u>

(b) Capital expenditure commitments

There were no contracted for capital commitments at the year end date

ABBHEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

11	INVESTMENT PROPERTY	Land and Buildings 2011 £	Land and Buildings 2010 £
	Group		
	At 1 May 2010	765 000	765 000
	Additions	388 341	
	Revaluation	(75,000)	
	At 30 April	1 078 341	765 000
	The investment land and buildings were valued at 30 April 2011 by external surveyors, Glennys Chartered Surveyors in the United Kingdom and Commco sro in the Czech Republic. The directors have reviewed the valuation at 30 April 2011 and considered that no further adjustment was required.		
	The historical cost on investment properties is	954 737	568,398
12	INVESTMENTS		
	Company	2011 £	2010 £
	Shares in subsidiary undertakings at cost	7 750,006	7 750 006

The company owns * directly or indirectly 100% of the issued ordinary share capital of the following companies, all of which are incorporated in Great Britain and all of which have been consolidated

Company	Nature of business	Registered Office
* Abbey Developments Limited	Residential housing and land development	Abbey House 2 Southgate Road Potters Bar, Hertfordshire EN6 5DU
* Abbey Investments Limited	Property investment	as above
Abbey Properties Limited)		as above
* Abbey Holdings Limited)		as above
* Abbey Continental Limited)		as above
* Abbey Financial Limited)	Dormant companies	as above
Abbey New Homes Limited)		as above
Abbey Homesteads Limited)		as above
Abbey s r o	Residential housing and land development	Terronska 7 160 00 Prague 6 Czech Republic
* M & J Engineers Limited	Plant hire	Cashel House Cadwell Lane Hitchin Hertfordshire SG4 0SQ
Term Rentals Limited)		as above
M & J Hire Centres Limited)		as above
Term Space Limited)	Dormant companies	as above
Termspan Limited)		as above

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

13 STOCKS

	Group 2011 £	Group 2010 £
Building land	47 522 194	29 363,801
Roads	1,819,142	1 401 217
Work in progress residential housing development including finished new houses unsold	16,998 642	12 809 471
Raw materials	132,140	156 009
Spare parts consumable stores and calor gas	313 979	308 999
Goods for resale	29,141	31 060
	<u>66 815,238</u>	<u>44,070 557</u>

14 DEBTORS

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	2,248,508	2 855 201	-	-
Amounts owed by parent undertaking	7 633 452	11,290 281	7 633,452	11 290 281
Amounts owed by group undertakings	-	-	10 381 918	8,161,250
VAT recoverable	1,544 475	645 964	-	-
Prepayments and accrued income	297,642	524 987	30,422	61 660
Other debtors	217 247	111 099	-	18 793
Deferred taxation (refer note 16)	7 666	-	-	-
	<u>11 948 990</u>	<u>15 427 532</u>	<u>18 045 792</u>	<u>19,531 984</u>

15 CURRENT ASSET INVESTMENT

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Ordinary shares at cost non-listed company	5 000	5 000	5 000	5,000
	<u>5 000</u>	<u>5 000</u>	<u>5 000</u>	<u>5 000</u>

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

16	RESTRICTED CASH	Group	
		2011 £	2010 £
	Cash held in escrow accounts	1,374 864	3,859 528
	Restricted cash is held in escrow accounts in respect of house unit sales in the Czech Republic. These funds will be released to the Group when title to the units are transferred to the purchasers, together with any interest earned.		
	CASH AND CASH EQUIVALENT		
	Cash at bank and in hand	11,483 321	27 049 587
17	CREDITORS Amounts falling due within one year	Group	
		2011 £	2010 £
	Trade creditors	10 996 802	12 804 228
	Amounts outstanding on land	4 882 850	7 445 113
	Amounts owed to group undertakings	17 640 141	16 615 617
	Corporation tax	1 454 732	1 160 082
	Other taxation	206 823	223 398
	Accruals and deferred income	7,391 236	7 105 192
		42 572 584	45 353 630
18	CREDITORS Amounts falling due after more than one year	Company	
		2011 £	2010 £
	Amounts owed to group undertakings	6	6
		6	6

ABBHEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

19 DEFERRED TAXATION

Deferred taxation provided in the accounts is

	Group 2011 £	Group 2010 £
At 1 May	178 934	247 967
Transfer (from) / to profit and loss account	(186 600)	(69 033)
At 30 April	(7 666)	178 934

The provision is in respect of capital allowances in advance of depreciation

The potential deferred taxation on the revaluation of trading properties is £126 044 (2010 £32 500) and investment properties £19 914 (2010 £50 945)

20 CALLED UP SHARE CAPITAL

At 30 April

Ordinary shares of £1 each

Authorised, allotted and fully paid 2011		2010	
No	£	No	£
4 000 000	4 000 000	4 000 000	4 000 000

21 PROPERTY REVALUATION RESERVE

Trading properties (note 22)

At 1 May

Revaluation
Realised gains

At 30 April

Group 2011 £	Group 2010 £
3 233 879	3 865,555
(55 880)	-
-	(631,676)
3 177,999	3 233 879

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

22 RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENTS ON RESERVES

GROUP	Share Capital £	Revaluation Reserve £	Profit and loss account £	Currency Translation	Total £
At 1 May 2009	4,000,000	3,865,555	52,466,180	(250,006)	60,081,729
Loss for the financial year	-	-	5,489,671	-	5,489,671
Realisation of property revaluation gains of a previous year	-	(631,976)	631,976	-	-
Foreign exchange translation arising in year	-	-	-	(24,657)	(24,657)
Actuarial loss on Group defined benefit pension obligations	-	-	(5,064,000)	-	(5,064,000)
Deferred tax movement relating to actuarial loss on Group defined benefit pension obligations	-	-	1,417,920	-	1,417,920
At 1 May 2010	4,000,000	3,233,579	54,941,947	(274,663)	61,900,863
Profit for the financial year	-	-	5,727,796	-	5,727,796
Unrealised deficit on revaluation of trading properties	-	(55,880)	-	-	(55,880)
Realisation of property revaluation gains of a previous year	-	-	-	-	-
Foreign exchange translation arising in year	-	-	-	(53,792)	(53,792)
Actuarial gain on Group defined benefit pension obligations	-	-	813,000	-	813,000
Deferred tax movement relating to actuarial gain on Group defined benefit pension obligations	-	-	(211,380)	-	(211,380)
At 30 April 2011	4,000,000	3,177,699	61,271,363	(328,455)	68,120,607
COMPANY	Share Capital £		Profit and loss account £		Total £
At 1 May 2009	4,000,000		19,020,172		23,020,172
Loss for the financial year			(292,853)		(292,853)
At 1 May 2010	4,000,000		18,727,319		22,727,319
Loss for the financial year			(56,796)		(56,796)
At 30 April 2011	4,000,000		18,670,523		22,670,523

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

23 OBLIGATIONS UNDER LEASES

The group had annual commitments under non-cancellable operating leases for land and buildings as follows

At 30 April

Operating leases which expire
within one year
between one and five years

2011 £	2010 £
32,042	
-	32,042
<u>32,042</u>	<u>32,042</u>

24 PENSION COSTS

The Group operates a defined benefit scheme for the majority of its employees the assets of which are held in a trust fund separate from the Group's finances. This pension scheme was closed to new entrants on 1 January 2001. With effect from 1 May 2006 pensionable salaries have been frozen and the scheme has contracted back in to the State Earnings Related Pension Scheme.

The pension cost for the scheme is assessed on the advice of the independent actuaries to the scheme using the projected unit method. A annual actuarial valuation of the scheme was carried out as at 1 May 2010. The assumptions which have the most significant effect on the results of the valuation are those made in respect of the rates of return on investments and the rates of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 4.40% per annum and that the rates of pension increases would be 3.25% per annum compound.

As at 1 May 2009 the full value placed on the assets of the Group Pension Scheme for the purposes of the valuation amounted to £18.82m. This resulted in a deficit of £1.95m in respect of the benefits accrued to members, after allowing for no future pensionable salary increases. The Group is making contributions into the scheme at a contribution rate of 14.50% plus a further £31,200 per month from 1 May 2011 to 30 April 2015 to eliminate the deficit. For the year to 30 April 2012 the total employer contributions are expected to total £567,000.

The defined benefit scheme in the United Kingdom was closed to new entrants on 1 January 2001. As this scheme was closed to new entrants the age profile of the active members will rise significantly causing the current service cost to increase as the members of the scheme approach retirement.

From 25 June 2003 the United Kingdom pension scheme became self-administered. The assets previously held with an insurance company were transferred for cash to the Trustee Company who has subsequently invested the funds in UK Government Bonds. The Trustee Company has an investment policy to look to maximise return based on an acceptable level of risk and therefore investment in other forms such as the stock exchange may be potentially viable.

The costs of providing death in service benefits which are insured under a separate agreement with Sun Life of Canada were paid in addition to the employer pension contributions.

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

24 PENSION COSTS (continued)

Defined Benefit Schemes

The group operates a defined benefit scheme. An actuarial valuation in accordance with FRS17 was carried out at 30 April 2011 by a qualified independent actuary.

The major assumptions used by the actuary and the expected long term rate of return for scheme assets were

	Valuation at 30 April 2011	Valuation at 30 April 2010
Pensionable salary growth	0.00 % pa	0.00 % pa
Pension escalation in payment		
Executive members	5.00 % pa	5.00 % pa
Retail Price Index- minimum 3%	3.50 % pa	3.70 % pa
Retail Price Index- maximum 2.5%	2.50 % pa	2.50 % pa
Discount rate	5.30 % pa	5.50 % pa
Inflation assumption - retail price index	3.50 % pa	3.70 % pa
Inflation assumption - consumer price index	3.00 % pa	N/A
Expected rate of return - gilts	4.19 % pa	4.37 % pa
Expected rate of return - cash	2.00 % pa	2.00 % pa
Post-retirement mortality (in years)		
Current pensioners at 65 - males	22.0	21.9
Current pensioners at 65 - females	24.1	24.1
Future pensioners at 65 - males	24.0	23.9
Future pensioners at 65 - females	25.4	25.3

	Value at 30 April 2011 £	Value at 30 April 2010 £
<i>Scheme assets at fair value</i>		
Gilts	20,909,000	18,939,000
Cash	468,000	505,000
Total fair value of assets	21,377,000	19,444,000
Present value of scheme liabilities	(18,744,000)	(17,931,000)
Defined benefit pension scheme surplus	2,633,000	1,513,000
Related deferred tax liability	(684,580)	(423,640)
Net asset in the balance sheet	1,948,420	1,089,360

The amount recognised in the Group Profit and Loss and in the Group Statement of Total Recognised Gains and Losses for the year are analysed as follows

	30 April 2011 £	30 April 2010 £
Recognised in the Profit and Loss account		
Current service cost	(225,000)	(187,000)
Recognised in arriving at operating profit	(225,000)	(187,000)
Expected return on scheme assets	844,000	798,000
Interest obligation	(986,000)	(861,000)
Total recognised in the Profit and Loss account	(367,000)	(250,000)
Taken to the Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme assets	795,000	(205,000)
Experience losses arising on the scheme liabilities	(142,000)	(63,000)
Changes in assumptions underlying the present value of the scheme liabilities	160,000	(4,796,000)
Actuarial gain / (loss) recognised in the Statement of Total Recognised Gains and Losses	813,000	(5,064,000)

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2011

24 PENSION COSTS (continued)

	For the Year to 30 April 2011 £	For the Year to 30 April 2010 £
<u>Changes in the present value of defined benefit pension obligations</u>		
As at 1 May	17,931,000	12,657,000
Current service cost	225,000	187,000
Member contributions	52,000	55,000
Interest costs	986,000	861,000
Benefits paid	(432,000)	(688,000)
Actuarial losses / (gains)	(18,000)	4,859,000
As at 30 April	18,744,000	17,931,000

Changes in the fair value of defined benefit pension scheme assets.

	For the Year to 30 April 2011 £	For the Year to 30 April 2010 £
As at 1 May	19,444,000	18,820,000
Expected return on scheme assets	844,000	798,000
Employer contributions	674,000	684,000
Contributions by employees	52,000	55,000
Benefits paid	(432,000)	(688,000)
Actuarial (losses) / gains	795,000	(205,000)
As at 30 April	21,377,000	19,444,000

History of experience gains and losses

	For the Year to 30 April 2011 £	For the Year to 30 April 2010 £	For the Year to 30 April 2009 £	For the Year to 30 April 2008 £	For the Year to 30 April 2007 £
Difference between the expected and actual return on scheme assets					
Amount (£)	795,000	(205,000)	788,000	38,000	(497,000)
% of scheme assets	4%	-1%	4%	0%	-3%
Experience gains and losses on scheme liabilities					
Amount (£)	(142,000)	(63,000)	26,000	(240,000)	(268,000)
% of present value of scheme liabilities	-1%	0%	0%	-2%	-2%
Total actuarial gain / (loss) recognised in Statement of total Recognised Gains and Losses					
Amount (£)	813,000	(5,064,000)	2,620,000	1,448,000	315,000
% of present value of scheme liabilities	4%	-28%	21%	11%	2%

Defined Contribution Schemes

The Group contributes to a number of defined contribution schemes for which the Group has contributed £53,042 during the year to 30 April 2011 (2010 £57,863) and charged in full to the profit and loss account

25 RELATED PARTY TRANSACTIONS

Abbey plc is the company's immediate and ultimate controlling party

The company has taken advantage of the exemption under FRS 8 from disclosing transactions with Group companies as it is a wholly owned subsidiary of Abbey plc

26 PARENT UNDERTAKING

The parent undertaking and ultimate holding company of the targets and smallest group of undertakings for which the group accounts are drawn up and of which the company is a member is Abbey plc, incorporated in the Republic of Ireland. Copies of Abbey plc's accounts can be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire EN6 5DU

27 SUBSEQUENT EVENTS

There have been no subsequent events

28 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 July 2011