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ABBHEY GROUP LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

30 APRIL 2010

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ABBAY 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	0540398	
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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ABBHEY GROUP LIMITED**DIRECTORS' REPORT**

The directors present their report and the Group accounts for the year ended 30 April 2010

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 £5,489,871 (2009 loss £7,007,501), which has been added (2009 taken from) the profit and loss account

No dividend (2009 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 423 units (2009 338) with turnover of £58,959,921 (2009 £45,426,785) generating an operating profit of £7,524,760 (2009 loss £9,687,286) The housing division achieved a reasonable result with completions running ahead of last year Future margins may well be impacted by the potential difficult trading conditions ahead of us At the year end the Group owned or controlled land with the of planning permission for the supply of 581 plots

A land impairment charge of £13,888,768 was included in the 2009 result A further impairment review in 2010 has identified that no additional impairment is required Stock on specific developments has been written down from its original cost as a result of an impairment review of expected return from certain developments

Our plant hire business, M&J reported an operating loss of £708,776 (2009 loss £640,038) on turnover of £8,923,117 (2009 £11,527,569) Included in last years result was an impairment charge of £326,910 reflecting the value of our depots together with £160,000 of redundancy expenses

A gain on disposal of property of £78,080 (2009 £940,000) was realised

Rental income primarily from ground rents and the letting of surplus space at the Group property was £243,734 (2009 £235,869)

A review of the Group's business is given in the 2010 Report and Accounts of the holding company, Abbey plc

FUTURE DEVELOPMENTS

The outlook for the year ahead is for lower levels of activity as we operate with depleted stock levels Looking further ahead the acquisition of fresh building land is now underway and with a fair wind the current year may mark the low point for our turnover in this cycle

The plant hire business is closely linked to the general construction market and the UK government's austerity measures may directly impact our business in the periods ahead

ABBAY GROUP LIMITED**DIRECTORS' REPORT****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

Mr L G Fraquelli and Mr D J Dawson were appointed to the Board on 27 August 2009 and retire from the Board at the Annual General Meeting and, being eligible, offer themselves for election. Mr C H Gallagher held office throughout the year. Mr B R Hawkins was a director until his resignation on 25 September 2009.

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 2009. The valuation of £6,025,000 is incorporated into the 2010 accounts. The directors reviewed that overall valuation at 30 April 2010 and consider that no adjustment was required.

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.

ABBEY GROUP LIMITED

DIRECTORS' REPORT

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 £1,900 (2009 £200)

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 Statements 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.

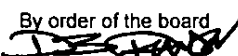
DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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, 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

14 July 2010

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 2010 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets and the related notes 1 to 27. 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 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 auditors

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 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2010 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.

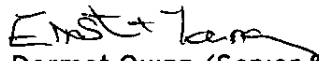
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

14 July 2010

ABBEEY GROUP LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2010**

	Note	2010 £	2009 £
TURNOVER - continuing operations	2	65 883 038	56,954 354
COST OF SALES			
- Operating		(53 764 195)	(45,869,235)
- Impairment charge on stocks	3	-	(13,888,768)
GROSS PROFIT / (LOSS)		12 118 843	(2,803 649)
ADMINISTRATIVE EXPENSES		(5,302 859)	(7,196,765)
GAIN ON PROPERTY DISPOSAL	3	78,080	-
IMPAIRMENT OF PROPERTY	3	-	(326 910)
OTHER OPERATING INCOME		243,734	235,869
OPERATING PROFIT / (LOSS) - continuing operations	5	7 137,798	(10 091,455)
Interest receivable - net	8	324,022	251,931
Other finance charges	8	(63 000)	(95 000)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	7 398 820	(9 934 524)
Taxation	9	(1,908,949)	2 927,023
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		5,489,871	(7,007,501)

ABBEEY GROUP LIMITED
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 APRIL 2010**

	2010 £	2009 £
Profit / (loss) for the financial year	5,489,871	(7,007,501)
Actuanaal (loss) / gain on group defined benefit pension obligations	(5,064,000)	2,620 000
Deferred tax movement relating to actuanaal (loss) / gain on group defined benefit pension obligations in current year	1 417 920	(733,600)
Unrealised deficit on revaluation of trading properties	-	(910 000)
Total gains and losses for the financial year	1,843,791	(6,031 101)

**NOTE OF HISTORICAL COST PROFITS / (LOSSES)
FOR THE YEAR ENDED 30 APRIL 2010**

	2010 £	2009 £
Reported profit / (loss) on ordinary activities before taxation	7 398 820	(9 934 524)
Realisation of property revaluation gains of previous years	631,976	-
Historical cost profit / (loss) on ordinary activities before taxation	8,030,796	(9,934,524)
Historical cost profit / (loss) on ordinary activities after taxation	6 121 847	(7 007 501)

ABBEY GROUP LIMITED

GROUP BALANCE SHEET - 30 APRIL 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	10	15 166,863	17,643,530
Investment property	11	765,000	765,000
		<u>15 931,863</u>	<u>18,408 530</u>
CURRENT ASSETS			
Stocks	12	44 070 557	45 940,291
Debtors	13	15,427,532	23,164 292
Investments	14	5 000	5,000
Restricted cash at bank	15	3,859 528	5 637,793
Cash at bank and in hand	15	27 049,587	1 289 784
		<u>90 412 204</u>	<u>76 037 160</u>
CREDITORS Amounts falling due within one year	16	(45 353 630)	(38,553,354)
NET CURRENT ASSETS		<u>45 058,574</u>	<u>37,483,806</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>60 990 437</u>	<u>55 892 336</u>
PROVISION FOR LIABILITIES			
Deferred taxation	18	(178 934)	(247 967)
PENSION AND POST RETIREMENT ASSET (net of deferred tax)	23	1 089,360	4 437,360
		<u>61 900,863</u>	<u>60,081 729</u>
CAPITAL AND RESERVES			
Called up share capital	19	4 000 000	4 000 000
Property revaluation reserve	20	3,233,579	3,865,555
Currency translation	21	(274 663)	(250 006)
Profit and loss account	21	54 941 947	52,466 180
SHAREHOLDERS' FUNDS	21	<u>61,900,863</u>	<u>60,081,729</u>
		<u>61,900,863</u>	<u>60,081,729</u>

C H GALLAGHER

Director

14 July 2010

ABBEY GROUP LIMITED
Company number 0540398

COMPANY BALANCE SHEET - 30 APRIL 2010

	Note	2010 £	2009 £
FIXED ASSET INVESTMENTS	11	7,750,006	7,750,006
CURRENT ASSETS			
Debtors	13	19,531,984	18,076,596
Investments	14	5,000	5,000
Cash at bank		35,081	31,917
		19,572,065	18,113,513
CREDITORS: Amounts falling due within one year	16	(4,594,746)	(2,843,341)
NET CURRENT ASSETS		14,977,319	15,270,172
TOTAL ASSETS LESS CURRENT LIABILITIES		22,727,325	23,020,178
CREDITORS: Amounts falling due after more than one year	17	(6)	(6)
		22,727,319	23,020,172
CAPITAL AND RESERVES			
Called up share capital	19	4,000,000	4,000,000
Profit and loss account	21	18,727,319	19,020,172
SHAREHOLDERS' FUNDS	21	22,727,319	23,020,172



C. H. GALLAGHER

Director

14 July 2010

NOTES TO THE ACCOUNTS - 30 APRIL 2010

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 2010. 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 21

(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 undertaking's 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 2010

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.

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

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

	2010 £	2009 £
Residential housing and land development	56 959 921	45,426,785
Plant hire and plant rental	8,923,117	11 527,569
	<hr/>	<hr/>
	65,883,038	56 954,354
	<hr/>	<hr/>

All business was transacted in the United Kingdom

3 EXCEPTIONAL ITEMS

Charged in arriving at operating profit

	£	£
Impairment of development stock	-	(13 888 768)
	<hr/>	<hr/>

Over the financial year we have continued to closely monitor the carrying value of our Building stock. In the previous financial year we estimated that the original cost value of certain sites suffered impairment in the amount of £13 888,768. As such in accordance with SSAP 9 'Stock and Long Term Contracts' we recorded an impairment write down for the same amount to bring the carrying value of Building stock recorded in the balance sheet to the lower of cost and net realisable value. A corporation tax deduction of £3,888,855 was recorded in the prior year in respect of this item.

Gain on disposal of property	78,080	-
	<hr/>	<hr/>

During the year a gain resulted from the disposal of a property. The company did not incur a taxation liability on this gain as rollover relief has been claimed.

Impairment of property	-	(326,910)
	<hr/>	<hr/>

At the year end a review of the fair value of land and buildings, and investment properties was undertaken. This has not resulted in an impairment on land and buildings.

4 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit / (loss) on ordinary activities before taxation arises by class of business as follows

	2010 £	2009 £
Residential housing and land development	7,524,760	(9 687 286)
Plant hire and plant rental	(708 776)	(640,038)
Surplus on disposal of property	78 080	-
Other operating income	243,734	235 869
Interest and other finance charges	261,022	156 931
	<hr/>	<hr/>
	7 398 820	(9,934,524)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS - 30 APRIL 2010

5 OPERATING PROFIT / (LOSS)

	2010 £	2009 £
The operating profit / (loss) is stated after charging / (crediting)		
Impairment charge on land	-	13 888 768
Impairment of property	-	326 910
Management charge (receivable) / payable (from) / to holding company	(11 029)	150,096
Depreciation of tangible fixed assets	3 718,429	4,532,680
Profit on disposal of tangible fixed assets	(555,662)	(759,848)
Operating lease rentals		
Rent of land and buildings	176 619	196 725
Hire of plant and machinery	250,436	281,107
Auditors' remuneration - audit fees	55,250	55,250
- non audit fees	19 430	17 950
Rental income	(243,734)	(235,869)

6 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2010 £	2009 £
Wages and salaries	5,335,133	6 280,705
Social security costs	590,834	683,130
Pension costs	353 481	374 891
	6,279,448	7 338,726

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

6 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION) - Continued

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

	2010 No	2009 No
Group management	6	7
Residential housing and land development	42	44
Plant hire and plant rental	112	141
	160	192

7 REMUNERATION OF DIRECTORS

	2010 £	2009 £
Emoluments in respect of qualifying services	952,862	882,222
Pension contributions	169 526	150 566
	1 122 388	1 032 788

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is one (2009 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

	2010 £	2009 £
Emoluments in respect of qualifying services	578 930	588 102
Retirement benefit expense	112 000	112 000
	690 930	698,102

The accrued pension of the highest paid director as at 30 April 2010 was £Nil (2009 £Nil).

ABBHEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

8 INTEREST RECEIVABLE -NET

	2010 £	2009 £
Payable		
Bank loans and overdrafts repayable within five years	(10)	(3 218)
Other	(2,403)	(3,052)
	(2 413)	(6,270)
Receivable		
Bank	200,597	231,550
Other	125,838	26,651
	324,022	251 931
OTHER FINANCE COSTS		
Expected return on scheme assets (see note 23)	798,000	780,000
Interest obligation on pension scheme liabilities (see note 23)	(881 000)	(875 000)
	(83,000)	(95 000)

9 TAXATION

The tax charge is made up as follows

	2010 £	2009 £
Current Tax		
Corporation tax at 28 00% (2009 28 00%)	1 977 982	346,272
Corporation tax loss carry back	-	(2 927,293)
	1,977,982	(2 581 021)
Deferred tax	(69,033)	(346 002)
	1 908 949	(2 927 023)

The tax assessed on the profit / (loss) on ordinary activities for the period is different than the standard rate of corporation tax in the UK of 28 00% (2009 28 00%)
The differences are reconciled below

	2010 (% of profit / (loss) before taxation)	2009 (% of profit / (loss) before taxation)
UK corporation tax rate	28 0	(28 0)
Depreciation in excess of capital allowances	0 8	3 7
Other timing differences	(1 2)	0 1
Prior year adjustments	(0 6)	(29 5)
Difference in tax rates on losses carried back	-	27 7
Rollover relief claimed on gain on property disposals	(0 3)	-
	26 7	(26 0)

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 (2009 liability) has been netted off against the Pension and Post Retirement asset

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

10 TANGIBLE FIXED ASSETS

Group	Land and Buildings £	Land and Buildings For Sale £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Computers £	Total £
Cost or valuation							
At 1 May 2009	6,025,000	800,000	24,224,672	2,530,346	471,697	308,607	34,360,322
Additions	-	-	2,601,314	163,008	9,129	18,966	2,792,417
Disposals	-	(800,000)	(3,706,621)	(421,707)	(8,712)	(10,335)	(4,947,375)
At 30 April 2010	6,025,000	-	23,119,365	2,271,647	472,114	317,238	32,205,364
Depreciation							
At 1 May 2009	-	-	14,504,480	1,619,650	301,196	291,466	16,716,792
Provided during the year	60,560	-	3,260,882	323,893	59,561	13,533	3,718,429
Disposals	-	-	(3,013,600)	(364,450)	(8,580)	(10,090)	(3,396,720)
At 30 April 2010	60,560	-	14,751,762	1,579,093	352,177	294,909	17,038,501
Net book value							
At 30 April 2010	5,964,440	-	8,367,603	692,554	119,937	22,329	15,166,863
At 30 April 2009	6,025,000	800,000	9,720,192	910,696	170,501	17,141	17,643,530

Plant and machinery includes assets held for hire with a cost of £23,086,023 (2009 £24,191,331) and accumulated depreciation of £14,721,754 (2009 £14,474,473)

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

10 TANGIBLE FIXED ASSETS - Continued

(a) Valuation of land and buildings

- (i) All land and buildings were valued at 30 April 2009 by external independent surveyors, Glenny, 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 2010 and considered that no adjustment was required.

	2010 £	2009 £
Trading properties		
Freehold land and buildings	5,569,640	5,625,000
Long leasehold property	394,800	400,000
Property for sale	-	800,000
	<hr/>	<hr/>
	5,964,440	6,825,000
	<hr/>	<hr/>

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

	2010 £	2009 £
Trading properties	3,314,935	3,482,959
	<hr/>	<hr/>
	3,314,935	3,482,959
	<hr/>	<hr/>

(b) Capital expenditure commitments

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

ABBNEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

11 FIXED ASSET INVESTMENTS

	Land and Buildings 2010 £	
Group		
Cost at 1 May and at 30 April	765,000	
The investment land and buildings were valued at 30 April 2009 by external surveyors Glenny Chartered Surveyors The directors reviewed the valuation at 30 April 2010 and considered that no adjustment was required		
Company	2010 £	2009 £
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 2010

12 STOCKS

	Group 2010 £	Group 2009 £
Building land	29 363,801	23,746,602
Roads	1,401,217	3 588,705
Work in progress - residential housing development including finished new houses unsold	12,809 471	17 997 445
Raw materials	156,009	223,848
Spare parts, consumable stores and calor gas	308,999	347,445
Goods for resale	31,060	36 246
	<hr/> 44,070,557	<hr/> 45 940,291

13 DEBTORS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	2 855,201	2 192 553	-	-
Amounts owed by parent undertaking	11 290 281	17 417 137	11 290,281	17,417,137
Amounts owed by group undertakings	-	-	8 161 250	554,078
Corporation tax	-	2,937,522	-	99 214
VAT recoverable	645 964	168 470	-	-
Prepayments and accrued income	524 987	307 302	61 660	6 161
Other debtors	111 099	141,308	18,793	6
	<hr/> 15 427 532	<hr/> 23,164,292	<hr/> 19,531,984	<hr/> 18,076,596

14 CURRENT ASSET INVESTMENT

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Ordinary shares at cost - non-listed company	5 000	5 000	5,000	5 000
	<hr/> 5,000	<hr/> 5 000	<hr/> 5,000	<hr/> 5,000

NOTES TO THE ACCOUNTS - 30 APRIL 2010

15	RESTRICTED CASH	Group 2010 £	Group 2009 £
	Cash held in escrow accounts	3 859 528	5,637 793

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	27 049,587	1,289 784
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16	CREDITORS Amounts falling due within one year	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
	Trade creditors	12 804,228	17 233 734	-	-
	Amounts outstanding on land	7 445 113	5,000	-	-
	Amounts owed to group undertakings	16,615,617	15,885,168	4 504,285	2 746 718
	Corporation tax	1 160 082	-	-	-
	Other taxation	223 398	329,293	-	-
	Accruals and deferred income	7,105,192	5,100 159	90 461	96 623
		45,353,630	38 553 354	4 594 746	2 843 341

17	CREDITORS Amounts falling due after more than one year	Company 2010 £	Company 2009 £
	Amounts owed to group undertakings	6	6
		6	6

ABBAY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

18 DEFERRED TAXATION

Deferred taxation provided in the accounts is

	Group 2010 £	Group 2009 £
At 1 May	247,967	593,969
Transfer from profit and loss account	(69,033)	(346,002)
At 30 April	178,934	247,967

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

The potential deferred taxation on the revaluation of trading properties is £32,500 (2009 £180,400)

19 CALLED UP SHARE CAPITAL

At 30 April

	Authorised, allotted and fully paid 2010		2009	
	No	£	No	£
Ordinary shares of £1 each	4,000,000	4,000,000	4,000,000	4,000,000

20 PROPERTY REVALUATION RESERVE

Trading properties (note 21)

	Group 2010 £	Group 2009 £
Trading properties (note 21)	3,233,579	3,865,555

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

21 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

GROUP

	Share Capital £	Revaluation Reserve £	Profit and loss account £	Currency Translation	Total £
At 1 May 2008	4,000 000	4,578,951	57,587,281	(181,203)	65 985 029
Loss for the financial year	-	-	(7,007 501)	-	(7,007,501)
Unrealised deficit on revaluation of trading properties	-	(910,000)	-	-	(910,000)
Unrealised gain on revaluation of investment property	-	196 604	-	-	196,604
Foreign exchange translation arising in year	-	-	-	(68 803)	(68,803)
Actuarial gain on Group defined benefit pension obligations	-	-	2,620,000	-	2 620 000
Deferred tax movement relating to actuarial gain on Group defined benefit pension obligations	-	-	(733 600)	-	(733,600)
At 1 May 2009	4 000 000	3,865,555	52 466 180	(250 006)	60,081,729
Profit for the financial year	-	-	5 489 871	-	5,489,871
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 30 April 2010	4 000 000	3,233,579	54,941 947	(274 663)	61 900 863

COMPANY

	Share Capital £	Profit and loss account £	Total £
At 1 May 2008	4,000 000	18 688,726	22,688,726
Profit for the financial year	-	331,446	331 446
At 1 May 2009	4 000 000	19,020,172	23 020 172
Loss for the financial year	-	(292 853)	(292 853)
At 30 April 2010	4 000,000	18,727,319	22 727 319

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ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

22 OBLIGATIONS UNDER LEASES

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

At 30 April	2010 £	2009 £
Operating leases which expire within one year	-	35 000
between one and five years	32 042	32,042
	<hr/> 32,042	<hr/> 67 042

23 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 2008 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 2009. 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 4.25% 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 2010 to 30 April 2015 to eliminate the deficit. For the year to 30 April 2011 the total employer contributions are expected to total £578,000.

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.

ABBEEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

23 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 2010 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 2010	Valuation at 30 April 2009
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%	3.70 % pa	3.00 % pa
Retail Price Index- maximum 2.5%	2.50 % pa	2.50 % pa
Discount rate	5.50 % pa	6.90 % pa
Inflation assumption	3.70 % pa	2.90 % pa
Expected rate of return - gilts	4.37 % pa	4.24 % pa
Expected rate of return - cash	2.00 % pa	2.00 % pa
Post-retirement mortality (in years)		
Current pensioners at 65 - males	21.9	21.7
Current pensioners at 65 - females	24.1	24.0
Future pensioners at 65 - males	23.9	23.8
Future pensioners at 65 - females	25.3	25.3

	Value at 30 April 2010 £	Value at 30 April 2009 £
<i>Scheme assets at fair value</i>		
Gilts	18,939,000	18,067,000
Cash	505,000	753,000
Total fair value of assets	19,444,000	18,820,000
Present value of scheme liabilities	(17,931,000)	(12,657,000)
Defined benefit pension scheme surplus	1,513,000	6,163,000
Related deferred tax liability	(423,640)	(1,725,640)
Net asset in the balance sheet	1,089,360	4,437,360

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 2010 £	30 April 2009 £
Recognised in the Profit and Loss account		
Current service cost	(187,000)	(204,000)
Recognised in arriving at operating profit (loss)	(187,000)	(204,000)
Expected return on scheme assets	798,000	780,000
Interest obligation	(861,000)	(875,000)
Total recognised in the Profit and Loss account	(250,000)	(299,000)
Taken to the Statement of Total Recognised Gains and Losses		
Actual return less expected return on pension scheme assets	(205,000)	788,000
Experience losses and gains arising on the scheme liabilities	(63,000)	26,000
Changes in assumptions underlying the present value of the scheme liabilities	(4,796,000)	1,806,000
Actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses	(5,064,000)	2,620,000

ABBEY GROUP LIMITED

NOTES TO THE ACCOUNTS - 30 APRIL 2010

23 PENSION COSTS (continued)

	For the Year to 30 April 2010 £	For the Year to 30 April 2009 £
<u>Changes in the present value of defined benefit pension obligations</u>		
As at 1 May	12,657	13,692
Current service cost	187	204
Member contributions	55	61
Interest costs	861	875
Benefits paid	(688)	(343)
Actuarial losses / (gains)	4,859	(1,832)
As at 30 April	17,931	12,657
<u>Changes in the fair value of defined benefit pension scheme assets</u>		
As at 1 May	18,820	16,828
Expected return on scheme assets	798	780
Employer contributions	664	706
Contributions by employees	55	61
Benefits paid	(688)	(343)
Actuarial (losses) / gains	(205)	788
As at 30 April	19,444	18,820

History of experience gains and losses

	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 £	For the Year to 30 April 2006 £
Difference between the expected and actual return on scheme assets					
Amount (£)	(205,000)	788,000	38,000	(497,000)	(343,000)
% of scheme assets	-1%	4%	0%	-3%	-2%
Experience gains and losses on scheme liabilities					
Amount (£)	(63,000)	26,000	(240,000)	(268,000)	547,000
% of present value of scheme liabilities	0%	0%	-2%	-2%	4%
Total actuarial (loss) / gain recognised in Statement of total Recognised Gains and Losses					
Amount (£)	(5,064,000)	2,620,000	1,448,000	315,000	1,778,000
% of present value of scheme liabilities	-28%	21%	11%	2%	13%

Defined Contribution Schemes

The Group contributes to a number of defined contribution schemes for which the Group has contributed £57,863 during the year to 30 April 2010 (2009 £58,891) and charged in full to the profit and loss account

24 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

25 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

26 SUBSEQUENT EVENTS

There have been no subsequent events

27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 14 July 2010