

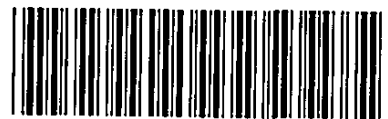
Abacus Lighting Limited

**Directors' report and financial
statements**

Registered number 00612235

31 December 2011

FRIDAY



A66 *A1IEOCCO* #290
28/09/2012
COMPANIES HOUSE

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditors' report to the members of Abacus Lighting Limited	6
Profit and loss account	7
Statement of total recognised gains and losses	7
Balance sheet	8
Notes	9

Company information

Directors

R Pratt
AJ Morris-Richardson, FCA
CC Welbourn, MBA
JM Lawson, ACMA

Secretary and registered office

E Whitehead
Oddicroft Lane
Sutton-in-Ashfield
Nottinghamshire
NG17 5FT

Company number

00612235

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

HSBC Bank plc
Nottingham Commercial Centre
1st Floor, The Arc
NG2 Business Park
Enterprise Way
Nottingham
NG2 1EN

Solicitors

Eversheds LLP
1 Royal Standard Place
Nottingham
NG1 6FZ

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2011

Results and dividends

The attached profit and loss account shows the results for the year

The directors do not recommend the payment of a dividend (2010 £nil)

Principal activities

The company designs, manufactures and installs, lighting systems for the exterior lighting market, the industrial lighting sector, complex mast structures, monopoles for the telecom market and street furniture. Abacus sells its products both nationally and internationally.

Business review

The results for the period are set out in the financial statements

Key objectives of the business include

- Continued profitable growth in a challenging economic climate
- Increasing integration between the expanded Abacus Group Companies and key strategic partners
- Maintaining our commitment to exports which amount to 21% (2010 29%) of turnover for the year
- Continued investment in Global marketing to promote our products both nationally and internationally
- Continued investment in the training of our highly skilled workforce which is at the very heart of the business

In a year where the economic climate of the UK was in a state of flux, Abacus aligned its business to meet the demands in this changing environment. It remained with its strong focus on developing its product, its Brand strength and its people.

Product range, quality, expert customer service and innovation will continue to be the cornerstones of the business. In 2011 the company continued to win and deliver major contracts both in the UK and worldwide.

We are an Investors in People Company.

The sustainable environment is key to the future. We are fully compliant with the WEEE directive and the company is registered with the Lumicom Compliance Scheme and Carbon Trust. We are also fully compliant with ISO14001.

As a responsible employer Abacus works closely with the local community, in particular in close association with local schools. The Annual Abacus Awards to the best technology students has been presented by Abacus to the schools for over 25 years. This harnesses the link between education and the outside world to further the opportunities to the new generations joining Abacus. In addition Abacus sponsors the award for the Lighting Industry Federation – Student of the Year.

Directors' report *(continued)*

Trading review and future developments

The directors are satisfied with the year under review and are confident of future prospects

Principal risks and uncertainties

The company follows the following financial risk management policies

Exchange rate risk

The company sells to and purchases goods from companies overseas and is therefore exposed to movements in exchange rates that occur between the date of delivery and settlement. The company seeks to mitigate this risk by operating a foreign currency bank account and seeking to match payments and receipts in the same currency. The company also has facilities available to enter into forward exchange contracts.

Credit risk

Credit risk arises on assets such as trade debtors. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history before credit is granted.

Price risk

The Company's business may be affected by fluctuation in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

Charitable and political contributions

The company made charitable contributions of £1,500 (2010 £6,680) and no political contributions.

Directors

The directors who held office during the year and up to the date of this report were

G Hall	(Resigned 4 January 2011)
AJ Morris-Richardson, FCA	
CC Welbourn, MBA	
R Pratt	
JM Lawson, ACMA	(Appointed 4 January 2011)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

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

Directors' report *(continued)*

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'AJ Morris-Richardson', is written over a horizontal line.

AJ Morris-Richardson
Director

Registered office
Oddicroft Lane
Sutton-in-Ashfield
Nottinghamshire
NG17 5FT

Dated

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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



Independent auditors' report to the members of Abacus Lighting Limited

We have audited the financial statements of Abacus Lighting Limited for the year ended 31 December 2011 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Philip Charles (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated 27 September 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	23,882	25,396
Cost of sales		(15,273)	(16,634)
Gross profit		8,609	8,762
Sales and distribution costs		(4,289)	(4,349)
Administrative expenses		(4,044)	(4,431)
Exceptional costs	3	(584)	-
Total administrative expenses		(4,628)	(4,431)
Operating loss		(308)	(18)
Other interest receivable and similar income	4	697	655
Interest payable and similar charges	5	(835)	(792)
Loss on ordinary activities before taxation	6	(446)	(155)
Tax on loss on ordinary activities	9	55	(6)
Loss for the financial year	17	(391)	(161)

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

Statement of total recognised gains and losses
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Loss for the financial year		(391)	(161)
Actuarial (loss)/gain on pension scheme	20	(1,874)	378
Movement on deferred tax asset relating to pension scheme	15	421	(133)
Total recognised gains and losses relating to the year		(1,844)	84

Balance sheet
as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	10	365	328
Current assets			
Stocks	11	1,551	2,408
Debtors	12	4,962	5,078
		<u>6,513</u>	<u>7,486</u>
Creditors' amounts falling due within one year	13	<u>(7,449)</u>	<u>(7,846)</u>
Net current liabilities		<u>(936)</u>	<u>(360)</u>
Net assets less current liabilities		<u>(571)</u>	<u>(32)</u>
Creditors: amounts falling due after more than one year	14	<u>(50)</u>	<u>-</u>
Net liabilities before pension scheme deficit		<u>(621)</u>	<u>(32)</u>
Net pension scheme deficit	20	3,007	1,752
Capital and reserves			
Called up share capital	16	5	5
Profit and loss account	17	<u>(3,633)</u>	<u>(1,789)</u>
Shareholder's deficit	18	<u>(3,628)</u>	<u>(1,784)</u>
Long term liabilities, capital and reserves		<u>(621)</u>	<u>(32)</u>

These financial statements were approved by the board of directors on 27 September 2012 and were signed on its behalf by



AJ Morris-Richardson
Director



JM Lawson
Director

Company registration number 00612235

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The company has followed the transitional arrangements of FRS 17 'Retirement benefits'.

Basis of preparation

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

Going concern

The company is a subsidiary within the Abacus Holdings group of companies. The financing of the company through various bank facilities and guarantees is linked to the group and so the adoption of the going concern principle is considered below for both the company and the group.

The downturn in the UK and global economy together with the challenge of moving to a new factory in Shanghai resulted in difficult trading for the group in 2011 and the first six months of 2012. However the directors have been proactive and consider their strategy of investing in global sales activity with offices in Russia, the Middle East and Singapore as well as China provides considerable optimism for the future performance of the group. The Shanghai factory is fully operational and both the UK and China have received significant orders for late 2012 and early 2013.

The performance in the UK during 2011 resulted in the breach of certain banking covenants as at 31 December 2011 and as a result the loan is classified within the financial statements as due within one year. The UK Bank has indicated its continuing support of the group based upon the UK forecasts and the current order book, which underpins the sales within the UK forecasts in the remainder of 2012 and early 2013. The forecasts prepared by the directors for the 12 months from the signing of these financial statements show that the UK business is profitable, will operate within its existing facilities and generate cash beyond its interest and loan repayment commitments. Given the global market the group operates within and its investments overseas the directors have also prepared forecasts for the Russian, Singaporean and Chinese businesses. The Russian business commenced trading in July 2010 and initially incurred losses to establish the business and to build the sales pipeline. These losses have been funded by both the UK business and a loan from HSBC in Russia of approximately £540,000 which is guaranteed by the parent company Abacus Holdings Limited and is scheduled to be repaid in full by June 2013. The forecast for Russia shows a significant increase in sales for the remainder of 2012 and 2013 which is underpinned by sales orders for the remainder of 2012 and early 2013. These sales orders together with the 2013 order pipeline are forecast to generate sufficient profits and cash to meet the loan repayment schedule agreed with the Bank. Under its guarantee the UK business may be required to provide additional funds to Russia if there were a shortfall on the loan repayments and they cannot be rescheduled with the Bank in Russia. The investment to set up sales offices in Singapore and the Middle East has been provided by the UK business. The Abacus brand is already established in these markets which are experiencing strong economic growth and significant investment in infrastructure projects. Orders from both of these locations are expected to cover the costs of the operations.

The relocation to a new factory with the latest equipment was disruptive to the performance of the Chinese business in 2011. However over the first 9 months of 2012 order intake and therefore both volume and efficiency within the factory has improved significantly. The forecast for China shows that this improvement will continue into the remainder of 2012 and 2013. The funding for the new factory was provided by a combination of the UK business, one of the shareholders and RMB 17 million of loans in China with the Bank of Shanghai. Approximately £400,000 of this loan is due for repayment in January 2013 and whilst the Chinese business will return to profitability on the basis of the current forecasts the £400,000 repayment would not be possible in full. As a result the group have negotiated a new facility of RMB 28 million with the Bank of Communication of China. RMB 9 million of this facility has been approved and final documentation will be signed before the end of September 2012 allowing draw down on the facility in October 2012. The intention is to finalise the remaining RMB 19 million before the end of the year which will replace the current facilities with the Bank of Shanghai. Assuming this refinancing is concluded the £400,000 loan repayment in 2013 will no longer be required and the Chinese business will have sufficient headroom within its own facilities for the foreseeable future.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern *(continued)*

After considering the UK forecasts and the forecasts of the overseas entities and the status of the bank facilities set out above the directors are of the opinion that the group will be able to pay its liabilities as they fall due and therefore be able to trade for the foreseeable future. On this basis the directors have concluded the group remains a going concern.

Related party transactions

As the company is a wholly owned subsidiary of Abacus Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Abacus Holdings Limited, within which this company is included, can be obtained from the address given in note 21.

Cash flow statement

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

Turnover

Turnover represents sales to outside customers excluding value added tax and arises from the sale of manufactured lighting columns and the provision of lighting solutions that can include both installation and maintenance services.

Sales of manufactured lighting columns are recognised upon completion of the manufacture of the product, being the point at which the company obtains the right to consideration in exchange for its performance, in accordance with the terms and conditions of sale.

Sales generated in relation to the provision of lighting solutions are recognised progressively over the life of the contract in accordance with the company's policy on long term contracts.

Long term contracts

The amount of profit attached to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and any payments on account not matched with turnover.

Accounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over the expected useful lives and is calculated at the following annual rates. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its useful economic life as follows:

Plant, machinery, fixtures and fittings	12.5%
Computer software and equipment	25%

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	Weighted average cost
Work in progress and finished goods	Cost of raw material and labour, together with attributable overheads based on the normal level of activity

Net realisable value is calculated as the estimated selling price less additional costs to completion and disposal.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Rental payments in respect of assets obtained under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Post retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent it is recoverable) or deficit is recognised in full. The movement in the scheme is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Taxation

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

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

The Company recognises a deferred tax asset in respect of past trading losses to the extent that the directors believe future taxable profits will arise.

Notes (continued)

2 Turnover

Turnover is wholly attributable to the principal activities of the company

	2011 £000	2010 £000
<i>Turnover as analysed by geographical market</i>		
United Kingdom	18,938	17,958
Continental Europe	2,597	2,317
Rest of World	2,347	5,121
	<u>23,882</u>	<u>25,396</u>

3 Exceptional costs

During the year the company undertook a restructuring of its business and incurred exceptional expenditure of £584,000 primarily relating to redundancy costs of employees

4 Other interest receivable and similar income

	2011 £000	2010 £000
Expected return on pension scheme assets (note 20)	697	655
	<u>697</u>	<u>655</u>

5 Interest payable and similar charges

	2011 £000	2010 £000
On bank overdraft	66	46
Interest element of pension scheme liabilities (note 20)	767	746
Hire purchase interest	2	-
	<u>835</u>	<u>792</u>

6 Loss on ordinary activities before taxation

	2011 £000	2010 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation - owned assets	174	151
Hire of plant and machinery - rentals payable under operating leases	379	256
Hire of other assets - operating leases	316	266
	<u>869</u>	<u>673</u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	20	21
Other services relating to taxation	8	8
	<u>28</u>	<u>29</u>

Notes (continued)

7 Remuneration of directors

	2011 £000	2010 £000
<i>Directors' emoluments consist of</i>		
Remuneration for management services	878	894
Contributions to pension schemes	93	70
	<u>971</u>	<u>964</u>

Retirement benefits were accruing for three (2010 two) directors under the defined benefit pension scheme

The aggregate of emoluments of the highest paid director were £345,052 (2010 £403,498)

8 Staff numbers and costs

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

	2011 Number	2010 Number
Directors	3	3
Administration	55	53
Sales	38	34
Production	81	82
	<u>177</u>	<u>172</u>
	<u>£000</u>	<u>£000</u>

The aggregate payroll costs of these persons were as follows

Wages and salaries	6,083	5,778
Social security costs	642	615
Pension costs	490	465
	<u>7,215</u>	<u>6,858</u>

Notes (continued)

9 Taxation

(a) *Analysis of credit in the year*

	2011 £000	2010 £000
<i>UK Corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Current year	(58)	15
Adjustments in respect of prior years	3	(9)
Total deferred tax	(55)	6
Tax (credit)/charge on loss on ordinary activities	(55)	6

(b) *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 27%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(446)	(155)
Current tax at 26.5% (2010 27%)	(118)	(43)
<i>Effects of</i>		
Expenses not deductible for tax purposes	44	64
Difference between capital allowances for the year and depreciation	(7)	(10)
Pension contributions in excess of charge for the year	(70)	(75)
Group relief	7	14
Tax losses carried forward	144	50
Total current tax charge	-	-

(c) *Factors that may affect future tax charges*

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

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date). It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

10 Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Computer software £000	Computer equipment £000	Total £000
<i>Cost</i>					
At 1 January 2011	1,223	160	307	749	2,439
Additions	99	56	56	-	211
Disposals	(141)	(17)	-	-	(158)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	1,181	199	363	749	2,492
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 January 2011	1,068	147	174	722	2,111
Charge for the year	56	14	91	13	174
Disposals	(141)	(17)	-	-	(158)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	983	144	265	735	2,127
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2011	198	55	98	14	365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	155	13	133	27	328
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

11 Stocks

	2011 £000	2010 £000
Raw materials and consumables	1,148	1,566
Work in progress	314	755
Finished goods and goods for resale	89	87
	<hr/>	<hr/>
	1,551	2,408
	<hr/>	<hr/>

There is no material difference between the carrying value and its replacement cost

12 Debtors

	2011 £000	2010 £000
Trade debtors	4,352	4,762
Amounts owed by group undertakings	47	-
Deferred tax asset (note 15)	232	111
Prepayments and accrued income	331	205
	<hr/>	<hr/>
	4,962	5,078
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdraft	1,496	801
Finance lease creditors	18	-
Payments received on account	159	679
Trade creditors	3,350	3,740
Amounts owed to group undertakings	1,194	1,350
Taxation and social security	550	478
Other creditors	29	6
Accruals and deferred income	653	792
	<u>7,449</u>	<u>7,846</u>

The overdraft is secured by means of a fixed and floating charge over the assets of the company

14 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Finance lease creditors	50	-
	<u>50</u>	<u>-</u>

15 Deferred tax asset

	2011 £000	2010 £000
<i>Deferred tax</i>		
Difference between accumulated depreciation and accelerated capital allowances	21	29
Tax losses carried forward	211	82
	<u>232</u>	<u>111</u>

Movement in deferred tax

	£000
Balance at 1 January 2011	111
Credit to the profit and loss account	55
Profit and loss charge relating to the movement in deferred tax on pension liability	66
Balance at 31 December 2011	<u>232</u>

Deferred tax relating to pension scheme deficit

	2011 £000	2010 £000
At 1 January	648	853
Movement in the year - credited to the statement of total recognised gains and losses	421	(133)
Profit and loss charge relating to the movement in deferred tax on pension liability	(66)	(72)
At 31 December	<u>1,003</u>	<u>648</u>

Notes (continued)

16 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
5,000 Ordinary shares of £1 each	5	5

17 Profit and loss account

	£000
At 1 January 2011	(1,789)
Loss for the year	(391)
Actuarial loss on pension scheme net of tax	(1,453)
At 31 December 2011	(3,633)

18 Reconciliation of movement in shareholder's deficit

	2011 £000	2010 £000
Loss for the financial year	(391)	(161)
Actuarial (loss)/gain on pension scheme net of tax	(1,453)	245
Net movement in shareholder's deficit	(1,844)	84
Opening shareholder's deficit	(1,784)	(1,868)
Closing shareholder's deficit	(3,628)	(1,784)

19 Contingent liabilities

- a) Guarantees have been made in the sum of £567,000 (2010 £1,231,000) in respect of performance bonds in the normal course of business
- b) The company has guaranteed bank borrowings of Shanghai Abacus Lighting Limited and Abacus Lighting LLC, companies in which Abacus Investcorp Limited (a subsidiary of Abacus Holdings Limited) owns 100% of the voting share capital. At the balance sheet date the maximum potential liability covered by this guarantee totalled £1,291,000 (2010 £563,000)
- c) HSBC hold a debenture incorporating an unlimited cross guarantee between Abacus Lighting Limited, Abacus Holdings Limited and Abacus Investcorp Limited. At 31 December 2011, the potential liability for the company under this guarantee was £13,000. At 31 December 2010, the potential liability for the company under a guarantee held with Barclays Bank was £383,000

Notes (continued)

20 Pension scheme

Defined benefit pension scheme

The Abacus Holdings Limited Pension and Life Assurance Scheme is a defined benefit scheme based in the United Kingdom

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown

	2011 £000	2010 £000
Present value of funded defined benefit obligations	(17,000)	(13,400)
Fair value of plan assets	12,991	11,000
Deficit	(4,009)	(2,400)
Related deferred tax asset	1,002	648
Net liability	(3,007)	(1,752)

Movements in present value of defined benefit obligation

	2011 £000	2010 £000
At 1 January	13,400	12,842
Current service cost	490	465
Interest cost	767	746
Actuarial losses/(gains)	2,955	(180)
Contributions by members	78	86
Benefits paid	(690)	(559)
At 31 December	17,000	13,400

Movements in fair value of plan assets

	2011 £000	2010 £000
At 1 January	11,000	9,796
Expected return on plan assets	697	655
Actuarial gains	1,081	198
Contributions by employer	825	824
Contributions by members	78	86
Benefits paid	(690)	(559)
At 31 December	12,991	11,000

Notes (continued)

20 Pension scheme (continued)

Expense recognised in the profit and loss account

	2011 £000	2010 £000
Current service cost	490	465
Interest on defined benefit pension plan obligation	767	746
Expected return on defined benefit pension plan assets	(697)	(655)
	<hr/>	<hr/>
Total	560	556
	<hr/>	<hr/>

The expense is recognised in the following line items in the profit and loss account

	2011 £000	2010 £000
Administrative expenses	(490)	(465)
Other interest receivable and similar income	697	655
Interest payable and similar charges	(767)	(746)
	<hr/>	<hr/>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £1,874,000 (2010 a gain of £378,000)

The fair value of the plan assets and the return on those assets were as follows

	2011 Fair value £000	2010 Fair value £000
Equities	4,937	3,850
Corporate bonds	5,456	4,510
Property	1,559	1,430
Other	1,039	1,210
	<hr/>	<hr/>
	12,991	11,000
	<hr/>	<hr/>
Actual return on plan assets	1,778	853
	<hr/>	<hr/>

There are currently none of the Company's own financial instruments, property occupied, or other assets used by the Company that are included within fair value of plan assets

The expected rates of return on plan assets are determined by reference to the sum of expected return on individual asset categories. The overall expected rate of return is calculated with reference to the published distribution of assets underlying the Prudential With Profit Fund

Notes (continued)

20 Pension scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2011 %	2010 %
Discount rate	5.0	5.8
Expected rate of return on plan assets		
- equities	5.8	7.2
- bonds	5.0	5.8
- property	5.8	7.2
- cash	2.8	4.2
Expected return on plan assets at beginning of the period		
- equities	7.2	7.5
- bonds	5.8	5.8
- property	7.2	7.5
- cash	4.2	4.5
Future salary increases	4.6	5.1
Other material assumptions		
- future pension increases	3.1	3.2
- inflation	3.1	3.6

In valuing the liabilities of the pension fund at 31 December 2011, mortality assumptions have been made as indicated below

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

- Current pensioner aged 65-87.5 years (male), 89.9 years (female)
- Future retiree upon reaching 65-89.4 years (male), 91.8 years (female)

History of plans

The history of the plans for the current and prior periods is as follows

Balance sheet

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Present value of scheme liabilities	(17,000)	(13,400)	(12,842)	(9,530)	(10,857)
Fair value of scheme assets	12,991	11,000	9,796	8,194	9,422
Deficit	(4,009)	(2,400)	(3,046)	(1,336)	(1,435)

Experience adjustments

	2011 %	2010 %	2009 %	2008 %	2007 %
Experience adjustments on scheme liabilities as a percentage of scheme liabilities	(17.4)	1.3	(24.2)	14.6	4.7
Experience adjustments on scheme assets as a percentage of scheme assets	8.3	1.8	9.2	(24.2)	(2.9)

The Company expects to contribute approximately £834,000 (2010: £828,000) to its defined benefit plans in the next financial year

Notes (continued)

21 Commitments

As at 31 December 2011, the company had annual commitments under non-cancellable operating leases for equipment and motor vehicles, as set out below

	2011 £000	2010 £000
<i>Operating leases which expire</i>		
Within one year	64	35
Within one to two years	70	125
Within two to five years	104	69
	<hr/> 238	<hr/> 229
	<hr/>	<hr/>

22 Ultimate parent and controlling company

The company is a subsidiary undertaking and is included within the consolidation of Abacus Holdings Limited, a company incorporated in England and Wales. The company is also the ultimate parent undertaking. Financial statements of the ultimate parent company can be obtained from Abacus Holdings Limited, Oddicroft Lane, Sutton-in-Ashfield, Nottinghamshire, NG17 5FT.

23 Fair value of assets and liabilities

The group has derivative financial instruments at fair value that it has not recognised as follows

Forward exchange contracts with a fair value of £47,194 (2010 £1,342)

Detailed profit and loss account *for the year ended 31 December 2011*

The following information does not form part of the audited statutory financial statements and is included solely for the information of management

	2011	2010
	£	£
Turnover	23,881,730	25,396,472
<i>Cost of sales</i>		
Opening stock	2,407,702	1,551,152
Materials	9,421,442	11,075,443
	<hr/>	<hr/>
	11,829,144	12,626,595
Closing stock	(1,550,752)	(2,407,702)
	<hr/>	<hr/>
	10,278,391	10,218,893
Consumables	103,012	127,964
Direct labour	2,234,344	2,122,621
Travel costs	102,028	-
Sub-contract labour	1,201,782	2,881,442
Rent and rates	247,376	248,332
Light, heat and water	121,349	132,233
Repairs and renewals	154,921	171,230
Fork-lift hire	50,186	45,963
Plant hire	378,658	255,744
Insurance	357,462	317,217
Research and development	41,515	39,135
Quality assurance	11,939	20,220
Depreciation of plant and machinery	56,323	52,609
	<hr/>	<hr/>
	(15,339,286)	(16,663,603)
	<hr/>	<hr/>
	8,542,444	8,762,869
<i>Sales and distribution costs</i>		
Salaries	1,905,091	1,672,663
Agents commission	220,105	329,931
Freight and distribution	999,601	1,007,277
Marketing, advertising and sponsorship	233,918	281,900
Travelling and entertaining	998,175	992,707
Exhibitions	42,459	64,975
	<hr/>	<hr/>
	(4,399,347)	(4,349,453)
	<hr/>	<hr/>
Carried forward	4,143,097	4,413,416

Detailed profit and loss account
for the year ended 31 December 2011 (continued)

	2011		2010	
	£	£	£	£
Brought forward		4,143,097		4,413,416
<i>Administrative expenses</i>				
Management charges	198,000		264,000	
Salaries	2,450,796		2,491,548	
Bank charges	62,170		49,178	
Bad debts	43,656		42,543	
Printing and stationery	34,965		42,989	
Telephone and postage	127,949		129,370	
Subscriptions and donations	46,912		55,750	
Sundries	130,974		114,757	
Computer running costs	272,770		291,375	
Site services	90,638		88,194	
Canteen	(6,866)		(7,821)	
Legal and professional	75,294		90,040	
Accountancy and audit	35,550		34,457	
Training and development	51,209		36,569	
Directors' remuneration	902,495		873,872	
Directors' national insurance	87,509		97,766	
Depreciation of fixtures fittings and computer equipment	27,147		26,420	
Depreciation of computer software	90,855		72,445	
Profit on sales of fixed assets	(2,000)		-	
FRS 17 Pension adjustments	(335,000)		(359,000)	
PPF levy	67,073		-	
		(4,452,096)		(4,434,452)
Interest receivable	(698,125)		(657,720)	
Interest payable	835,384		791,559	
		(137,260)		(133,839)
		(446,259)		(154,875)