Abacus Holdings Limited

Directors' report and consolidated financial statements

Registered number 00943023

31 December 2010

Contents

Company information

Directors	Mrs R Pratt G Hall AJ Morris-Richardson, FCA
Secretary and registered office	E Whitehead Oddicroft Lane Sutton-in-Ashfield Nottinghamshire NG17 5FT
Company number	00943023
Auditors	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Bankers	Barclays Bank Plc Midlands Corporate Banking PO Box 3333 15 Colmore Row Birmingham B3 2WN 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 annual report and the audited financial statements for the year ended 31 December 2010

Principal activities

The principal activities of the company and of its subsidiary undertakings were as follows

Parent company

Secretarial, management and administration on behalf of the group

Abacus Lighting Limited

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

Abacus Investcorp Limited

An investment holding company

Shanghai Abacus Lighting Limited

The company manufactures lighting systems for the exterior lighting market Shanghai Abacus Lighting Limited sells its products both within China and internationally

Abacus Lighting LLC

The company supplies lighting systems for the exterior lighting market Abacus Lighting LLC sells its products both within Russia and internationally

Business review

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

The key objectives of the business include

- Continued profitable growth in a challenging economic climate
- Increasing integration between Abacus Group companies and key strategic partners
- Maintaining our commitment to Overseas markets which amount to 38% (2009 35%) of turnover for the year
- An increased investment in marketing to promote our products and services, including our new telescopic mast structures
- Continued investment in the training of our highly skilled workforce which is at the very heart of the business

Product range, quality, expert customer service and innovation will continue to be the cornerstones of the business In 2010 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

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 the past 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

The Financial Statements reflect the costs of Globalisation of the Abacus Group which are building the foundations for the Global Expansion into further World Markets

Directors' report *(continued)*

Business review *(continued)*

Abacus successfully completed its move to its new purpose built factory in Shanghai This will allow the business to meet the great opportunities not only in China and South East Asia, but in the Worldwide Export Market This has been followed by the installation of the latest State of the Art Plant and Equipment to provide world class products and service for the future

The Russian operation was successfully launched in 2010 Headquartered in St Petersburg and now building on its Sales Representation throughout Russia The team has been carefully selected and reflects the highest calibre in the Russian Lighting Market The business was launched with a high profile customer focused event in St Petersburg and at Interlight in Moscow 2010

Principal risks and uncertainties

The company follows the following financial risk management policies

Exchange rate risk

The group 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 group 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 businesses 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

Proposed dividend

The directors do not recommend the payment of a dividend *(2009 £nil)*

Charitable and political contributions

The group made charitable contributions of £6,680 *(2009 £7,851)* and no political contributions

Directors

The directors who held office during the year and at the end of the year were

Mrs R Pratt
Mr G Hall
Mr AJ Morris-Richardson, FCA

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

Directors' report *(continued)*

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

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

AJ Morris-Richardson
Director

Registered office

Oddicroft Lane
Sutton-in-Ashfield
Nottinghamshire
NG17 5FT

Dated 8/8/2011

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 group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

KPMG

Report of the independent auditors to the members of Abacus Holdings Limited

We have audited the financial statements of Abacus Holdings Limited for the year ended 31 December 2010 set out on pages 7 to 27 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 group's and the parent company's affairs as at 31 December 2010 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

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 8 August 2011

Consolidated profit and loss account
for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover	*2*	**28,863**	28,274
Cost of sales		**(18,365)**	(17 295)
Gross profit		**10,498**	10,979
Sales and distribution costs		**(4,350)**	(4,188)
Administrative expenses including exceptional costs of £227,000 *(2009 £389,000)*		**(6,047)**	(5,857)
Operating profit before exceptional costs		**328**	1,323
Exceptional costs	*5*	**(227)**	(389)
Total operating profit		**101**	934
Other interest receivable and similar income	*3*	**660**	562
Interest payable and similar charges	*4*	**(858)**	(667)
(Loss)/profit on ordinary activities before taxation	*5*	**(97)**	829
Tax on (loss)/profit on ordinary activities	*7*	**23**	(259)
(Loss)/profit for the financial year	*18*	**(74)**	570

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

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2010

	2010	2009
	£000	£000
(Loss)/profit for the financial year	**(74)**	570
Revaluation of land and buildings	**-**	(183)
Actuarial gain/(loss) recognised on the pension scheme	**378**	(2 199)
Movement on deferred tax asset relating to pension scheme	**(133)**	479
Current tax credit in relation to pension scheme	**-**	137
Currency translation differences on foreign currency investment	**173**	(350)
Total recognised gains and losses relating to the financial year	**344**	(1,546)

Note of consolidated historical cost profits and losses
for the year ended 31 December 2010

	2010	2009
	£000	£000
Reported (loss)/profit on ordinary activities before taxation	**(97)**	829
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	**8**	17
Historical cost (loss)/profit on ordinary activities before taxation	**(89)**	846
Historical cost (loss)/profit for the year retained after taxation	**(66)**	587

Consolidated balance sheet
as at 31 December 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Intangibles	8		**830**		798
Tangible fixed assets	9		**4,426**		2,670
Investments			**-**		-
			5,256		3,468
Current assets					
Stock	12	**3,933**		2,884	
Debtors	13	**6,855**		4,850	
Cash at bank		**100**		809	
		10,888		8,543	
Creditors amounts falling due within one year	14	**(10,058)**		(8,064)	
Net current assets			**830**		479
Total assets less current liabilities			**6,086**		3,947
Creditors amounts falling due after more than one year	15		**(2,236)**		-
Net assets excluding pension liabilities			**3,850**		3,947
Net pension scheme deficit	25		**(1,752)**		(2,193)
Net assets			**2,098**		1,754
Capital and reserves					
Called up share capital	17		**63**		63
Capital redemption reserve	18		**2**		2
Share premium account	18		**340**		340
Revaluation reserve	18		**1,107**		1,115
Profit and loss account	18		**586**		234
Shareholders' funds	19		**2,098**		1,754

These financial statements were approved by the board of directors on 8/8/2011 and were signed on its behalf by

AJ Morris-Richardson
Director

Company registered number 00943023

Company balance sheet
as at 31 December 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Tangible assets	*10*		**1,309**		1,330
Investments	*11*		**2,323**		1,575
			3,632		2,905
Current assets					
Debtors	*13*	**128**		8	
Cash at bank		**-**		-	
		128		8	
Creditors amounts falling due within one year	*14*	**(556)**		(340)	
Net current liabilities			**(428)**		(332)
Total assets less current liabilities			**3,204**		2,573
Creditors amounts falling due after more than one year	*15*		**(584)**		-
Net assets			**2,620**		2,573
Capital and reserves					
Called up share capital	*17*		**63**		63
Capital redemption reserve	*18*		**2**		2
Share premium account	*18*		**340**		340
Revaluation reserve	*18*		**1,107**		1,115
Profit and loss account	*18*		**1,108**		1,053
Shareholders' funds	*19*		**2,620**		2,573

These financial statements were approved by the board of directors on 8/8/2011 and were signed on its behalf by

AJ Morris-Richardson
Director

Company registered number 00943023

Consolidated cash flow statement
for the year ended 31 December 2010

	Note	**2010** **£000**	2009 £000
Net cash (outflow)/inflow from operating activities	*20*	**(978)**	1,292
Returns on investments and servicing of finance	*22*	**(107)**	(42)
Taxation		**(72)**	(59)
Capital expenditure and financial investment	*22*	**(1,944)**	(1,826)
Net cash outflow before financing		**(3,101)**	(635)
Financing	*22*	**2,589**	(100)
Effect of exchange rate changes on cash balances		**-**	(135)
Decrease in cash in the year		**(512)**	(870)

Reconciliation of net cash flow to movement in net debt
for the year ended 31 December 2010

		£000	£000
Decrease in cash in the year		**(512)**	(870)
Repayment of loans		**-**	100
New loans		**(2,589)**	-
Translation difference		**39**	26
Movement in net debt in the year		**(3,062)**	(744)
Net debt at start of the year	*21*	**(840)**	(96)
Net debt at end of the year	*21*	**(3,902)**	(840)

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings

Going concern

The group has banking facilities across the company and all of its subsidiaries which includes an overdraft of approximately £1 2 million and loans in the UK of £0 6 million, £0 3 million in Russia and £1 9 million in China

The UK loan is subject to an annual covenant test at the year end and the overdraft is renewed annually The bank has indicated to the directors their intention to renew the overdraft facility shortly

The directors have prepared financial forecasts including cash flow forecasts which show that the group has sufficient headroom in its existing facilities and it will comply with its banking covenants On this basis the directors have concluded the group is able to pay its debts as they fall due for the foreseeable future and the financial statements are prepared on a going concern basis

Consolidation

The consolidated financial statements incorporate the results of Abacus Holdings Limited and all of its subsidiary undertakings, as at 31 December 2010, using the acquisition method of accounting Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transactions Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date In the case of forward cover transactions these are translated in accordance with the rate reflected in each contract Exchange differences are taken into account in arriving at operating profit

The assets and liabilities of overseas entities are translated at the closing exchange rates Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year Gains and losses arising on these translations are taken to reserves

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost Intangible assets are amortised to nil by equal annual instalments over their useful economic lives Land-use rights are amortised over the expected term of the usage

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows

Freehold buildings	2%
Plant, machinery, fixtures and fittings	12 5%
Computer equipment	25%
Motor vehicles	25%

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account reserve on an annual basis

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value

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	Estimated selling price less additional costs to completion and disposal

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

A deferred tax asset is recognised to the extent that it is regarded as recoverable Provision is made at rates of taxation anticipated to be in force when the timing differences are expected to reverse

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

Notes *(continued)*

1 Accounting policies *(continued)*

Post retirement benefits

In the UK, the group operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the group 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 deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

The financial position of the group's pension scheme is disclosed in note 25

2 Turnover

Turnover is wholly attributable to the principal activities of the group

	2010	2009
	£000	£000
Turnover as analysed by geographical market		
United Kingdom	17,957	18,245
Continental Europe	2,969	3,117
Rest of world	7,937	6,912
	28,863	28,274

3 Other interest receivable and similar income

	2010	2009
	£000	£000
Group		
Other interest	5	7
Expected return on pension scheme assets (note 24)	655	555
	660	562

4 Interest payable and similar charges

	2010	2009
	£000	£000
Group		
Bank interest	112	49
Interest element of pension scheme liabilities (note 24)	746	618
	858	667

Notes *(continued)*

5 Profit on ordinary activities before taxation

	2010 £000	2009 £000
Profit on ordinary activities before taxation is stated after charging		
Depreciation	**223**	213
Amortisation	**17**	3
Loss on disposal of fixed assets	**19**	-
Hire of plant and machinery - rentals payable under operating leases	**256**	329
Hire of other assets	**266**	270

Exceptional costs of £227,000 relate to losses made on the new Russian subsidiary which were due to set up costs incurred in the year During the prior year the group undertook a restructuring of its UK business and incurred exceptional expenditure of £389,000 primarily relating to the redundancy costs of employees

	2010 £000	2009 £000
Auditors' remuneration		
Audit of these financial statements	**8**	8
Audit of financial statement of subsidiaries	**55**	38
Other services relating to taxation	**8**	19

6 Wages and salaries

	2010 £000	2009 £000
Directors' emoluments consist of		
Remuneration for management services	**836**	756
Contribution to pension schemes	**50**	67
	886	823

Retirement benefits were accruing for two *(2009 two)* directors under the defined benefit pension scheme

The aggregate emoluments of the highest paid director were £403,498 *(2009 £407,286)*

Staff numbers and costs

	2010 Number	2009 Number
The average number of persons employed by the group (including directors of this company) during the year, analysed by category, was as follows		
Directors	**4**	4
Administration	**74**	72
Sales	**46**	47
Production	**106**	107
	230	230

	2010 £000	2009 £000
The aggregate payroll costs of these persons were as follows		
Wages and salaries	**6,409**	6,617
Social security costs	**695**	703
Pension	**492**	418
	7,596	7,738

Notes *(continued)*

7 Tax on profit on ordinary activities

(a) ***Analysis of charge in the year***

	2010 £000	2009 £000
UK Corporation tax		
On profit for the year	-	-
Adjustments in respect of prior years	(14)	-
Foreign tax		
Current tax on income for the period	48	89
Total current tax	34	89
Deferred tax		
Current year	(48)	170
Adjustments in respect of prior years	(9)	-
Total deferred tax	(57)	170
Total tax (credit)/charge	(23)	259

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

The current tax charge for the year is higher *(2008 lower)* than the standard rate of corporation in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £000	2009 £000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	(97)	829
Current tax at 28% *(2009 28%)*	(27)	232
Effects of		
Expenses not deductible for tax purposes	78	78
Differences between capital allowances and depreciation for the year	(6)	(4)
Effect of tax charge at different rates across group companies	(32)	(109)
Pension contributions in excess of charge for the year	(75)	(124)
Tax losses carried forward/(utilised)	95	(39)
Other timing differences	15	55
Adjustment in respect of prior years	(14)	-
Total current tax charge	34	89

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011 This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset of approximately £31,000 This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date

Notes *(continued)*

8 Intangible fixed assets

	Land-use right £000
Cost or valuation	
At 1 January 2010	801
Translation difference	49
At 31 December 2010	850
Accumulated depreciation	
At 1 January 2010	3
Charge for the year	17
At 31 December 2010	20
Net book value	
At 31 December 2010	**830**
At 31 December 2009	798

During 2009 the group purchased the right to certain land in Shanghai for a period of 50 years on which it has now completed the building of its new manufacturing and office facilities

9 Consolidated tangible fixed assets

	Freehold land and buildings £000	Plant, machinery, fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Assets in the course of construction £000	Total £000
Cost or valuation						
At 1 January 2010	1 330	1,573	1,061	53	738	4 755
Additions	1 673	247	24	-	-	1 944
Disposals	-	(91)	-	-	-	(91)
Transfer	738	-	-	-	(738)	-
Translation difference	46	12	1	3	-	62
At 31 December 2010	3 787	1,741	1,086	56	-	6,670
Accumulated depreciation						
At 1 January 2010	-	1,241	819	25	-	2,085
Charge for the year	41	86	91	5	-	223
Disposals	-	(72)	-	-	-	(72)
Translation difference	-	5	1	2	-	8
At 31 December 2010	41	1,260	911	32	-	2,244
Net book value						
At 31 December 2010	**3,746**	**481**	**175**	**24**	-	**4,426**
At 31 December 2009	1,330	332	242	28	738	2 670

Notes *(continued)*

9 Consolidated tangible fixed assets *(continued)*

The following information relates to assets carried at revalued amounts which have been retained under the transitional provision set out in FRS15 Tangible fixed assets

Freehold land and buildings includes land with a value of £844,000 *(2009 £844,000)* which is not depreciated

	£000
The historical cost net book value of land and buildings is	
Cost	543
Accumulated depreciation based on historical cost	(336)
Historical cost net book value	207

The last full valuation was performed on 29 January 2010 on an open market basis and was performed by King Sturge LLP, DNR Findlay, BSc MRICS

10 Company tangible fixed assets

	Freehold land and buildings £000
Cost or valuation	
At 1 January 2010	1,330
Revaluation	-
At 31 December 2010	1,330
Accumulated depreciation	
At 1 January 2010	-
Charge for the year	21
Revaluation	-
At 31 December 2010	21
Net book value	
At 31 December 2010	**1,309**
At 31 December 2009	1,330

Freehold land and buildings include land with a value of £844,000 *(2009 £844,000)* which is not depreciated.

The following information relates to assets carried at revalued amounts which have been retained under the transitional provision set out in FRS15 Tangible fixed assets

	£000
The historical cost net book value of land and buildings is	
Cost	543
Accumulated depreciation based on historical cost	(336)
Historical cost net book value	207

The last full valuation was performed on 29 January 2010 on an open market basis and was performed by King Sturge LLP, DNR Findlay, BSc MRICS

Notes *(continued)*

11 Fixed asset investments

Group

Shares in subsidiary undertakings

The group had the following subsidiary undertakings at 31 December 2010 all of which have been included in the consolidation

	Principal activity	Status	Proportion of ordinary share capital	Country of incorpor-ation
Direct holdings				
Abacus Lighting Limited	Design, manufacture and installation of lighting systems	Trading	100%	England
Abacus Investcorp Limited	Investment holding company	Non-trading	100%	England
Indirect holdings				
Shanghai Abacus Lighting Limited	Design, manufacture and installation of lighting systems	Trading	100%	China
Abacus Lighting LLC	Design manufacture and installation of lighting systems	Trading	100%	Russia

Company

Shares in subsidiary undertakings

	£000
Cost and net book value	
At 1 January 2010	1,575
Additions	748
At 31 December 2010	**2,323**

The additional investment in the year relates to additional investment in Abacus Investcorp Limited, which was used to finance expansion of the Group operations in both Russia and China

12 Stock

	Group **2010** **£000**	2009 £000
Raw materials and consumables	**1,927**	1,399
Work in progress	**1,581**	1,255
Finished goods and goods for resale	**425**	230
	3,933	2,884

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

Notes *(continued)*

13 Debtors

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Trade debtors	**5,758**	4,160	**4**	-
Advances to suppliers	**171**	29	**-**	-
Amounts owed by group undertakings	**-**	-	**119**	-
Other debtors	**135**	8	**5**	8
Prepayments and accrued income	**617**	608	**-**	-
Deferred tax asset (note 16)	**174**	45	**-**	-
	6,855	4,850	**128**	8

14 Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans	**582**	229	**80**	-
Bank overdraft	**1,184**	1,420	**383**	214
Payments in advance	**1,006**	839	**-**	-
Trade creditors	**5,619**	4,278	**48**	36
Other creditors	**35**	12	**-**	-
Corporation tax	**-**	38	**-**	-
Other taxation and social security	**490**	279	**5**	8
Accruals and deferred income	**1,142**	969	**40**	82
	10,058	8,064	**556**	340

The loan and overdraft are secured by means of a fixed and floating charge over the assets of the group

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Bank loans	**2,236**	-	**584**	-

The maturity of loans is as follows

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Debt can be analysed as falling due				
In one year or less, or on demand	**582**	229	**80**	229
Between one and two years	**493**	-	**80**	-
Between two and five years	**1,479**	-	**240**	-
Over more than five years	**264**	-	**264**	-
	2,818	229	**664**	229

Notes *(continued)*

15 Creditors: amounts falling due after more than one year *(continued)*

Bank loans consist of a £700,000 loan in Abacus Holdings Limited which bears interest at base rate plus 2 3% with monthly repayments of £6,696 being made The loans are secured by fixed and floating charges over assets held within the UK A loan was taken out on incorporation of the new subsidiary in Russia for $450,000 which bears interest at LIBOR plus 5% and is due for renewal in July 2011

There are two loans in Abacus Shanghai, a short term loan for 2,500,000 RMB which is due for renewal in July 2011 with interest of 6 11%, and a further loan of 17,000,000 RMB was taken to aid finance of the new plant, which matures in January 2015 and bears interest at 5 76%

Details of guarantees on the bank loans are found in note 23

16 Deferred tax asset

Deferred tax

Group

Movement in deferred tax

	2010	2009
	£000	£000
Balance at 1 January	**45**	78
Credit/(charge) to the profit and loss account	**57**	(33)
Element of profit and loss charge recognised within deferred tax on pension liability	**72**	-
Balance at 31 December (note 13)	**174**	45

The elements of deferred taxation are as follows

	2010	2009
	£000	£000
Difference between accumulated depreciation and accelerated capital allowances	**29**	14
Tax losses carried forward	**127**	31
Other timing differences	**18**	-
	174	45

In the group and company, no deferred tax has been provided on the revaluation surplus on the basis that there is no intention to dispose of the property in the foreseeable future All other deferred tax balances have been provided as at 31 December 2010

Deferred tax asset relating to pension scheme deficit

	2010	2009
	£000	£000
Balance at 1 January	**853**	374
Movement in the year - credit to the statement of recognised gains and losses	**(133)**	479
Element of profit and loss charge recognised within deferred tax on pension liability	**(72)**	-
Balance at 31 December	**648**	853

Company

A deferred tax asset has not been recognised for tax losses of £154,098 *(2009 £135,046)* in the company on the grounds that it is currently uncertain as to whether this will be recovered

Notes *(continued)*

17 Called up share capital

	Allotted, called up and fully paid	
	2010	2009
	£000	£000
Equity		
63,092 ordinary shares of £1 each	**63**	63

18 Share premium and reserves

Group	**Capital redemption reserve £000**	**Share premium account £000**	**Revaluation reserve £000**	**Profit and loss account £000**
At 1 January 2010	2	340	1,115	234
Loss for the year	-	-	-	(74)
Depreciation transfer	-	-	(8)	8
Translation of foreign currency net investment	-	-	-	173
Actuarial gain on pension scheme net of tax	-	-	-	245
At 31 December 2010	**2**	**340**	**1,107**	**586**

Company	**Capital redemption reserve £000**	**Share premium account £000**	**Revaluation reserve £000**	**Profit and loss account £000**
At 1 January 2010	2	340	1,115	1,053
Profit for the year	-	-	-	47
Depreciation transfer	-	-	(8)	8
Revaluation of land and buildings	-	-	-	-
At 31 December 2010	**2**	**340**	**1,107**	**1,108**

19 Reconciliation of movement in shareholders' funds

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
(Loss)/profit for the financial year	**(74)**	570	**47**	(81)
Translation of foreign currency net investment	**173**	(350)	-	-
Actuarial gain/(loss) on pension scheme net of tax	**245**	(1,583)	-	-
Revaluation of land and buildings	-	(183)	-	(183)
Net movement in shareholders' funds	**344**	(1,546)	**47**	(264)
Opening shareholders' funds	**1,754**	3,300	**2,573**	2,837
Closing shareholders' funds	**2,098**	1,754	**2,620**	2,573

Notes *(continued)*

20 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2010 £000	2009 £000
Operating profit	**101**	934
Amortisation	**17**	3
Depreciation	**223**	216
Loss on disposal of fixed assets	**19**	-
Decrease/(increase) in stocks	**(959)**	572
Decrease/(increase) in debtors	**(1,756)**	483
Increase/(decrease) in creditors	**1,736**	(364)
Pension contributions in excess of operating charge	**(359)**	(552)
Net cash (outflow)/inflow from operating activities	**(978)**	1,292

21 Analysis of net debt

	1 January 2010 £000	Cash flow £000	Exchange Movement £000	**31 December 2010 £000**
Cash at bank and in hand	809	(748)	39	**100**
Bank overdraft	(1,420)	236	-	**(1,184)**
	(611)	(512)	39	**(1,084)**
Debt due within one year	(229)	(353)	-	**(582)**
Debt due after more than one year	-	(2,236)	-	**(2,236)**
Total	(840)	(3,101)	39	**(3,902)**

22 Analysis of cash flows

	2010 £000	2009 £000
Returns on investments and servicing of finance		
Interest received	**5**	7
Interest paid	**(112)**	(49)
	(107)	(42)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(1,944)**	(1 826)
Financing		
Repayment of loan	-	(100)
New loan	**2,589**	-
	2,589	(100)

Notes *(continued)*

23 Contingent liabilities

Group

a) Guarantees have been made in the sum of £1,231,000 *(2009 £249,363)* 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 £563,398 *(2009 £246,685)*

c) HSBC hold a debenture incorporating an unlimited cross guarantee between Abacus Lighting Limited, Abacus Holdings Limited and Abacus Investcorp Limited At 31 December 2010, the potential liability for the company under this guarantee was £1,201,000 At 31 December 2009, the potential liability for the company under a similar guarantee held with Barclays Bank was £1,396,000

24 Commitments under operating leases

As at 31 December 2010, the group had annual commitments under non-cancellable operating leases for equipment and motor vehicles, as set out below

	2010	2009
	£000	£000
Operating leases which expire		
Within one year	**209**	46
Within one to two years	**125**	56
Within two to five years	**69**	138
	403	240

25 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 a Company within the group is a sponsoring employer

	2010	2009
	£000	£000
Present value of funded defined benefit obligations	**(13,400)**	(12,842)
Fair value of plan assets	**11,000**	9,796
Deficit	**(2,400)**	(3,046)
Related deferred tax asset	**648**	853
Net liability	**(1,752)**	(2,193)

Notes *(continued)*

25 Pension scheme *(continued)*

Movements in present value of defined benefit obligation

	2010 £000	2009 £000
At 1 January	**12,842**	9,530
Current service cost	**465**	381
Interest cost	**746**	618
Actuarial (gains)/losses	**(180)**	3 102
Contributions by members	**86**	70
Benefits paid	**(559)**	(859)
At 31 December	**13,400**	12,842

Movements in fair value of plan assets

	2010 £000	2009 £000
At 1 January	**9,796**	8,194
Expected return on plan assets	**655**	555
Actuarial losses	**198**	903
Contributions by employer	**824**	933
Contributions by members	**86**	70
Benefits paid	**(559)**	(859)
At 31 December	**11,000**	9 796

Expense recognised in the profit and loss account

	2010 £000	2009 £000
Current service cost	**465**	381
Interest on defined benefit pension plan obligation	**746**	618
Expected return on defined benefit pension plan assets	**(655)**	(555)
Total	**556**	444

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

	2010 £000	2009 £000
Administrative expenses	**(465)**	(381)
Other interest receivable and similar income	**655**	555
Interest payable and similar charges	**(746)**	(618)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a gain of £378,000 *(2009 a loss of £2,199,000)*

Notes *(continued)*

25 Pension scheme *(continued)*

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

	2010 Fair value £000	2009 Fair value £000
Equities	**3,850**	3,820
Corporate bonds	**4,510**	3,723
Property	**1,430**	1,273
Other	**1,210**	980
	11,000	9,796
Actual return on plan assets	**853**	1,458

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

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

	2010 %	2009 %
Discount rate	**5 8**	5 8
Expected rate of return on plan assets		
- equities	**7 2**	7 5
- bonds	**5 8**	5 8
- property	**7 2**	7 5
- cash	**4 2**	4 5
Expected return on plan assets at beginning of the period		
- equities	**7 5**	6 7
- bonds	**5 8**	6 7
- property	**7 5**	6 7
- cash	**4 5**	3 7
Future salary increases	**5 1**	5 1
Other material assumptions		
- future pension increases	**3 2**	3 2
- inflation	**3 6**	3 6

In valuing the liabilities of the pension fund at 31 December 2010, 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 4 years (male), 89 8 years (female)
- Future retiree upon reaching 65 89 3 years (male), 91 7 years (female)

Notes *(continued)*

25 Pension scheme *(continued)*

History of plans

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

Balance sheet

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(13,400)**	(12,842)	(9,530)	(10,857)	(10,628)
Fair value of scheme assets	**11,000**	9,796	8,194	9,422	8,433
Deficit	**(2,400)**	(3,046)	(1,336)	(1,435)	(2,195)

Experience adjustments

	2010	2009	2008	2007	2006
	%	%	%	%	%
Experience adjustments on scheme liabilities as a percentage of scheme liabilities	**1 3**	(24 2)	14 6	4 7	2 6
Experience adjustments on scheme assets as a percentage of scheme assets	**1.8**	9 2	(24 2)	(2 9)	0 1

The Company expects to contribute approximately £845,952 *(2009 £854,544)* to its defined benefit plan in the next financial year

26 Related party transactions

All transactions were conducted on an arm's length basis on normal commercial terms

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with related parties within the consolidated group

27 Ultimate controlling party

The directors of the company are deemed to be the ultimate controlling parties by virtue of their shareholdings

28 Fair value of assets and liabilities

The group has derivative financial instruments at fair value that it has not recognised at fair value within the financial statements

Forward exchange contracts with a fair value of £1,342 *(2009 £7,700)*

29 Capital commitments

At the year end, the group had capital commitments of £493,000 *(2009 £1,148,000)*