

**Abacus Holdings Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 00943023**

**31 December 2011**



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## **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**

HSBC Bank plc  
Nottingham Commercial Centre  
1<sup>st</sup> 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 2011

### **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 the expanded Abacus Group companies and key strategic partners, both local and global
- Maintaining our commitment to Overseas markets which amount to 36% (2010: 38%) of turnover for the year
- An increased investment in Global 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 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

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

The Financial Statements reflect the costs of Globalisation of the Abacus Group which are building the strategic foundations for the Global Expansion into further World Markets where there is a strong economy and significant investment in infrastructure

## **Directors' report** *(continued)*

### **Business review** *(continued)*

The new factory in Shanghai was officially opened by HRH The Duke of York during the year. Abacus successfully completed its move to its new purpose built factory in Shanghai. The Shanghai operation will allow the business to meet the great opportunities not only in China and South East Asia, but in the Worldwide Export Market. The installation of the latest State of the Art Plant and Equipment to provide world class products and service for the future is now complete.

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 Russian operation has now opened a Sales office in Moscow.

### **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 (2010: £nil).

### **Charitable and political contributions**

The group made charitable contributions of £1,500 (2010: £6,680) 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

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 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



## **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 2011 set out on pages 7 to 30. 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](http://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 2011 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 27 September 2012



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

	<i>Note</i>	<b>2011</b> <b>£000</b>	2010 £000
<b>Turnover</b>	2	<b>30,149</b>	28,863
Cost of sales		<b>(19,368)</b>	(18,365)
<b>Gross profit</b>		<b>10,781</b>	10,498
Sales and distribution costs		<b>(4,289)</b>	(4,350)
Administrative expenses including exceptional costs of £584,000 (2010 £227,000)		<b>(7,471)</b>	(6,047)
<b>Operating (loss)/profit before exceptional costs</b>		<b>(395)</b>	328
Exceptional costs	5	<b>(584)</b>	(227)
<b>Total operating (loss)/profit</b>		<b>(979)</b>	101
Other interest receivable and similar income	3	<b>699</b>	660
Interest payable and similar charges	4	<b>(1,026)</b>	(858)
<b>Loss on ordinary activities before taxation</b>	5	<b>(1,306)</b>	(97)
Tax on loss on ordinary activities	7	<b>69</b>	23
<b>Loss for the financial year</b>	18	<b>(1,237)</b>	(74)

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 2011*

	<b>2011</b>	2010
	<b>£000</b>	£000
Loss for the financial year	(1,237)	(74)
Revaluation of intangible asset	1,407	-
Actuarial (loss)/gain recognised on the pension scheme	(1,874)	378
Movement on deferred tax asset relating to pension scheme	421	(133)
Currency translation differences on foreign currency investment	184	173
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the financial year</b>	<b>(1,099)</b>	<b>344</b>
	<hr/>	<hr/>

**Note of consolidated historical cost profits and losses**  
*for the year ended 31 December 2011*

	<b>2011</b>	2010
	<b>£000</b>	£000
Reported loss on ordinary activities before taxation	(1,306)	(97)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	13	8
	<hr/>	<hr/>
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<b>(1,293)</b>	<b>(89)</b>
	<hr/>	<hr/>
<b>Historical cost (loss)/profit for the year retained after taxation</b>	<b>(1,224)</b>	<b>(66)</b>
	<hr/>	<hr/>

**Consolidated balance sheet**  
*as at 31 December 2011*

	Note	2011 £000	2010 £000
<b>Fixed assets</b>			
Intangibles	8	2,257	830
Tangible fixed assets	9	4,961	4,426
		<u>7,218</u>	<u>5,256</u>
<b>Current assets</b>			
Stock	12	3,008	3,933
Debtors	13	6,864	6,855
Cash at bank		389	100
		<u>10,261</u>	<u>10,888</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(12,100)</u>	<u>(10,058)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,839)</u>	<u>830</u>
<b>Total assets less current liabilities</b>		<u>5,379</u>	<u>6,086</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(1,373)</u>	<u>(2,236)</u>
<b>Net assets excluding pension liabilities</b>		<u>4,006</u>	<u>3,850</u>
Net pension scheme deficit	25	<u>(3,007)</u>	<u>(1,752)</u>
<b>Net assets</b>		<u><u>999</u></u>	<u><u>2,098</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	63	63
Capital redemption reserve	18	2	2
Share premium account	18	340	340
Revaluation reserve	18	2,506	1,107
Profit and loss account	18	<u>(1,912)</u>	<u>586</u>
<b>Shareholders' funds</b>	19	<u><u>999</u></u>	<u><u>2,098</u></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

Company registered number 00943023

**Company balance sheet**  
*as at 31 December 2011*

	<i>Note</i>	2011 £000	2010 £000
<b>Fixed assets</b>			
Tangible assets	<i>10</i>	1,288	1,309
Investments	<i>11</i>	2,318	2,323
		<u>3,606</u>	<u>3,632</u>
<b>Current assets</b>			
Debtors	<i>13</i>	306	128
Cash at bank		-	-
		<u>306</u>	<u>128</u>
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	(1,286)	(556)
<b>Net current liabilities</b>		<u>(980)</u>	<u>(428)</u>
<b>Total assets less current liabilities</b>		2,626	3,204
<b>Creditors: amounts falling due after more than one year</b>	<i>15</i>	-	(584)
<b>Net assets</b>		<u>2,626</u>	<u>2,620</u>
<b>Capital and reserves</b>			
Called up share capital	<i>17</i>	63	63
Capital redemption reserve	<i>18</i>	2	2
Share premium account	<i>18</i>	340	340
Revaluation reserve	<i>18</i>	1,099	1,107
Profit and loss account	<i>18</i>	1,122	1,108
<b>Shareholders' funds</b>	<i>19</i>	<u>2,626</u>	<u>2,620</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*

Company registered number 00943023

**Consolidated cash flow statement**  
*for the year ended 31 December 2011*

	<i>Note</i>	<b>2011</b> <b>£000</b>	2010 £000
Net cash outflow from operating activities	20	(209)	(978)
Returns on investments and servicing of finance	22	(257)	(107)
Taxation		-	(72)
Capital expenditure and financial investment	22	(738)	(1 944)
Net cash outflow before financing		<b>(1,204)</b>	(3 101)
Financing	22	<b>1,154</b>	2,589
Decrease in cash in the year		<b>(50)</b>	(512)

**Reconciliation of net cash flow to movement in net debt**  
*for the year ended 31 December 2011*

		<b>2011</b> <b>£000</b>	2010 £000
Decrease in cash in the year		(50)	(512)
Cash flow from change in debt financing		(1,154)	(2,589)
New hire purchase agreements		(79)	-
Translation difference		(71)	39
Movement in net debt in the year		<b>(1,354)</b>	(3,062)
Net debt at start of the year	21	<b>(3,902)</b>	(840)
Net debt at end of the year	21	<b>(5,256)</b>	(3,902)

## **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 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.

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.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Consolidation***

The consolidated financial statements incorporate the results of Abacus Holdings Limited and all of its subsidiary undertakings, as at 31 December 2011, 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.

#### ***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.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Tangible fixed assets and depreciation**

The group adopts a policy of revaluation for freehold land and buildings with assets in this category being held at a recent revaluation. All other 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.

#### **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.



## Notes (continued)

### 2 Turnover

Turnover is wholly attributable to the principal activities of the group

	2011 £000	2010 £000
<i>Turnover as analysed by geographical market</i>		
United Kingdom	19,388	17,957
Continental Europe	4,943	2,969
Rest of world	5,818	7,937
	<u>30,149</u>	<u>28,863</u>

### 3 Other interest receivable and similar income

	2011 £000	2010 £000
<b>Group</b>		
Other interest	2	5
Expected return on pension scheme assets (note 25)	697	655
	<u>699</u>	<u>660</u>

### 4 Interest payable and similar charges

	2011 £000	2010 £000
<b>Group</b>		
Bank interest	256	112
Interest element of pension scheme liabilities (note 25)	767	746
Interest payable in respect of finance leases	3	-
	<u>1,026</u>	<u>858</u>

## Notes (continued)

### 5 Loss on ordinary activities before taxation

	2011 £000	2010 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation	335	223
Amortisation	19	17
Impairment of fixed assets	78	-
(Profit)/loss on disposal of fixed assets	(2)	19
Hire of plant and machinery - rentals payable under operating leases	379	256
Hire of other assets	316	266
	<u>316</u>	<u>266</u>

During the year the group undertook a restructuring of its UK business and incurred exceptional expenditure of £584,000 primarily relating to redundancy costs of employees. In the previous year the exceptional costs of £227,000 relate to losses made by the Russian subsidiary which were due to set up costs incurred.

	2011 £000	2010 £000
<i>Auditors' remuneration</i>		
Audit of these financial statements	7	8
Audit of financial statement of subsidiaries	54	55
Other services relating to taxation	8	8
	<u>8</u>	<u>8</u>

### 6 Wages and salaries

	2011 £000	2010 £000
<i>Directors' emoluments consist of</i>		
Remuneration for management services	727	836
Contribution to pension schemes	48	50
	<u>775</u>	<u>886</u>

Retirement benefits were accruing for one (2010 two) director under the defined benefit pension scheme.

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

#### *Staff numbers and costs*

	2011 Number	2010 Number
<i>The average number of persons employed by the group (including directors of this company) during the year, analysed by category, was as follows</i>		
Directors	4	4
Administration	79	74
Sales	61	46
Production	150	106
	<u>294</u>	<u>230</u>

	2011 £000	2010 £000
<i>The aggregate payroll costs of these persons were as follows</i>		
Wages and salaries	7,099	6,409
Social security costs	778	695
Pension	526	492
	<u>8,403</u>	<u>7,596</u>

## Notes (continued)

### 7 Tax on loss on ordinary activities

#### (a) Analysis of credit in the year

	2011 £000	2010 £000
<i>UK Corporation tax</i>		
On profit for the year	-	-
Adjustments in respect of prior years	-	(14)
<i>Foreign tax</i>		
Current tax on income for the period	-	48
	<hr/>	<hr/>
Total current tax	-	34
<i>Deferred tax</i>		
Current year	(72)	(48)
Adjustments in respect of prior years	3	(9)
	<hr/>	<hr/>
Total deferred tax	(69)	(57)
	<hr/>	<hr/>
Total tax credit	(69)	(23)
	<hr/>	<hr/>

#### (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 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	(1,306)	(97)
	<hr/>	<hr/>
Current tax at 26.5% (2010 27%)	(346)	(27)
<i>Effects of</i>		
Expenses not deductible for tax purposes	69	78
Differences between capital allowances and depreciation for the year	(1)	(6)
Effect of tax charge at different rates across group companies	-	(32)
Pension contributions in excess of charge for the year	(70)	(75)
Tax losses carried forward	348	95
Other timing differences	-	15
Adjustment in respect of prior years	-	(14)
	<hr/>	<hr/>
Total current tax charge	-	34
	<hr/>	<hr/>

#### (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 3% 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)

### 8 Intangible fixed assets

	<b>Land-use right £000</b>
<i>Cost or valuation</i>	
At 1 January 2011	850
Revaluation	1,367
Translation difference	40
	<hr/>
At 31 December 2011	2,257
	<hr/>
<i>Accumulated depreciation</i>	
At 1 January 2011	20
Revaluation	(40)
Charge for the year	19
Translation difference	1
	<hr/>
At 31 December 2011	-
	<hr/>
<i>Net book value</i>	
<b>At 31 December 2011</b>	<b>2,257</b>
	<hr/> <hr/>
At 31 December 2010	830
	<hr/> <hr/>

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

A full valuation of the land use right and related building was performed on 6 January 2012 on an open market basis and was performed by Shanghai Li Gong Xin Real Estate Valuation Co. Ltd (China registered valuer 3120020074). The valuation resulted in a gain of £1,367,000 reflecting increases in Chinese property prices and has been recognised in the revaluation reserve.

## Notes (continued)

### 9 Consolidated tangible fixed assets

	Freehold land and buildings £000	Plant, machinery, fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
<i>Cost or valuation</i>					
At 1 January 2011	3,787	1,741	1,086	56	6,670
Additions	-	749	72	-	821
Impairment	(78)	-	-	-	(78)
Disposals	-	(136)	(12)	-	(148)
Translation difference	117	12	3	3	135
At 31 December 2011	3,826	2,366	1,149	59	7,400
<i>Accumulated depreciation</i>					
At 1 January 2011	41	1,260	911	32	2,244
Charge for the year	70	131	129	5	335
Disposals	-	(135)	(11)	-	(146)
Translation difference	1	3	1	1	6
At 31 December 2011	112	1,259	1,030	38	2,439
<i>Net book value</i>					
At 31 December 2011	3,714	1,107	119	21	4,961
At 31 December 2010	3,746	481	175	24	4,426

Freehold land and buildings are held at a revalued amount as disclosed below. Freehold land and buildings includes land with a value of £844,000 (2010: £844,000) which is not depreciated.

	£000
<i>The historical cost net book value of land and buildings is</i>	
Cost	3,116
Accumulated depreciation based on historical cost	(418)
Historical cost net book value	2,698

The land and buildings of Shanghai Abacus were valued on an open market basis on 6 January 2012 by Shanghai Li Gong Xin Real Estate Valuation Co. Ltd. The valuation gave rise to an impairment of £78,000 which is recorded within administrative expenses.

The last full valuation of other land and buildings was performed on 29 January 2010 on an open market basis and was performed by King Sturge LLP (who were taken over by Jones Lang LaSalle in 2011), DNR Findlay, BSc MRICS.

## Notes (continued)

### 10 Company tangible fixed assets

	<b>Freehold land and buildings £000</b>
<i>Cost or valuation</i>	
At 1 January 2011 and 31 December 2011	1,330
<i>Accumulated depreciation</i>	
At 1 January 2011	21
Charge for the year	21
At 31 December 2011	42
<i>Net book value</i>	
<b>At 31 December 2011</b>	<b>1,288</b>
At 31 December 2010	1,309
Freehold land and buildings include land with a value of £844,000 (2010 £844,000) which is not depreciated	
Freehold land and buildings are held at a revalued amount as disclosed below	
	<b>£000</b>
<i>The historical cost net book value of land and buildings is</i>	
Cost	543
Accumulated depreciation based on historical cost	(349)
Historical cost net book value	194

The last full valuation was performed on 29 January 2010 on an open market basis and was performed by King Sturge LLP (who were taken over by Jones Lang LaSalle in 2011), 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 2011 all of which have been included in the consolidation

	Principal activity	Status	Proportion of ordinary share capital	Country of incorporation
<i>Direct holdings</i>				
Abacus Lighting Limited	Design, manufacture and installation of lighting systems	Trading	100%	England
Abacus Investcorp Limited	Investment holding company	Non-trading	100%	England
<i>Indirect holdings</i>				
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
Abacus (Singapore) PTE Limited	Design, manufacture and installation of lighting systems	Trading	100%	Singapore
Abacus Gulf JLT	Design, manufacture and installation of lighting systems	Trading	100%	UAE

#### Company

##### *Shares in subsidiary undertakings*

	<b>£000</b>
<i>Cost and net book value</i>	
At 1 January 2011	2,323
Disposal	(5)
	<hr/>
<b>At 31 December 2011</b>	<b>2,318</b>
	<hr/>

The disposal in the year relates to the write off of the investment in Vertical Wind Energy.

### 12 Stock

	<b>Group</b>	
	<b>2011</b>	2010
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	1,577	1,927
Work in progress	917	1,581
Finished goods and goods for resale	514	425
	<hr/>	<hr/>
	<b>3,008</b>	<b>3,933</b>
	<hr/>	<hr/>

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

## Notes (continued)

### 13 Debtors

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	5,763	5,758	-	4
Advances to suppliers	119	171	-	-
Amounts owed by group undertakings	-	-	302	119
Other debtors	256	135	4	5
Prepayments and accrued income	417	617	-	-
Deferred tax asset (note 16)	309	174	-	-
	<u>6,864</u>	<u>6,855</u>	<u>306</u>	<u>128</u>

### 14 Creditors: amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Bank loans	2,245	582	602	80
Other loans	500	-	500	-
Bank overdraft	1,509	1,184	13	383
Finance lease creditors	18	-	-	-
Payments in advance	342	1,006	-	-
Trade creditors	5,783	5,619	71	48
Amounts due from group undertakings	-	-	45	-
Other creditors	308	35	-	-
Corporation tax	6	-	-	-
Other taxation and social security	648	490	5	5
Accruals and deferred income	741	1,142	50	40
	<u>12,100</u>	<u>10,058</u>	<u>1,286</u>	<u>556</u>

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



## Notes (continued)

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans	1,323	2,236	-	584
Finance lease creditors	50	-	-	-
	<u>1,373</u>	<u>2,236</u>	<u>-</u>	<u>584</u>

The maturity of loans is as follows

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
<i>Debt can be analysed as falling due</i>				
In one year or less, or on demand	2,763	582	1,102	80
Between one and two years	407	493	-	80
Between two and five years	966	1,479	-	240
Over more than five years	-	264	-	264
	<u>4,136</u>	<u>2,818</u>	<u>1,102</u>	<u>664</u>

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 £6,700. The balance outstanding at 31 December 2011 is £602,000 and the loan is secured by fixed and floating charges over assets held within UK. Two loans in Abacus Russia for \$400,000 and \$500,000 respectively (£584,000) were outstanding at 31 December 2011 with the facilities being extended in September 2012 and are now due for repayment in June 2013.

There are three loans in Abacus Shanghai, a short term loan for 2,300,000 RMB (£234,000) which is guaranteed by Abacus Holdings Limited through a Letter of Credit (USD 432,000) and has been renewed until August 2013. A loan of 4,100,000 RMB (£418,000) was repaid in March 2012 and replaced with a £350,000 loan in Abacus Holdings with loan repayments of £10,000 being made each month. A further loan of 17,000,000 RMB (£1,730,000) was taken to finance the new plant which matures in January 2015 and bears interest at 5.76%. This loan is secured against the property in the company. 4,000,000 RMB (£407,000) of this loan was repaid in January 2012. The directors are re-financing this debt as discussed in note 1.

Details of guarantees of the bank loans are found in note 23. Mrs Pratt, a director of the company, has made a loan of £500,000 (2010: £nil) due on demand.

## Notes (continued)

### 16 Deferred tax asset

#### *Deferred tax*

#### **Group**

#### *Movement in deferred tax*

	<b>2011</b>	2010
	<b>£000</b>	£000
Balance at 1 January	<b>174</b>	45
Credit to the profit and loss account	<b>69</b>	57
Profit and loss charge relating to the movement on deferred tax on pension liability	<b>66</b>	72
	<hr/>	<hr/>
Balance at 31 December (note 13)	<b>309</b>	174
	<hr/>	<hr/>

#### *The elements of deferred taxation are as follows*

	<b>2011</b>	2010
	<b>£000</b>	£000
Difference between accumulated depreciation and accelerated capital allowances	<b>21</b>	29
Tax losses carried forward	<b>288</b>	127
Other timing differences	<b>-</b>	18
	<hr/>	<hr/>
	<b>309</b>	174
	<hr/>	<hr/>

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 2011.

#### *Deferred tax asset relating to pension scheme deficit*

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

#### **Company**

A deferred tax asset has not been recognised for tax losses of £154,098 (2010 £154,098) in the company on the grounds that it is currently uncertain as to whether this will be recovered.

### 17 Called up share capital

	<b>Allotted, called up and fully paid</b>	
	<b>2011</b>	2010
	<b>£000</b>	£000
<i>Equity</i>		
63,092 ordinary shares of £1 each	<b>63</b>	63
	<hr/>	<hr/>

## Notes (continued)

### 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 2011	2	340	1,107	586
Loss for the year	-	-	-	(1,237)
Depreciation transfer	-	-	(8)	8
Translation of foreign currency net investment	-	-	-	184
Actuarial loss on pension scheme net of tax	-	-	-	(1,453)
Revaluation of intangible asset	-	-	1,407	-
<b>At 31 December 2011</b>	<b>2</b>	<b>340</b>	<b>2,506</b>	<b>(1,912)</b>

Company	Capital redemption reserve £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 January 2011	2	340	1,107	1,108
Profit for the year	-	-	-	6
Depreciation transfer	-	-	(8)	8
<b>At 31 December 2011</b>	<b>2</b>	<b>340</b>	<b>1,099</b>	<b>1,122</b>

### 19 Reconciliation of movement in shareholders' funds

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Loss for the financial year	(1,237)	(74)	6	47
Translation of foreign currency net investment	184	173	-	-
Actuarial gain/(loss) on pension scheme net of tax	(1,453)	245	-	-
Revaluation of intangible asset	1,407	-	-	-
<b>Net movement in shareholders' funds</b>	<b>(1,099)</b>	<b>344</b>	<b>6</b>	<b>47</b>
<b>Opening shareholders' funds</b>	<b>2,098</b>	<b>1,754</b>	<b>2,620</b>	<b>2,573</b>
<b>Closing shareholders' funds</b>	<b>999</b>	<b>2,098</b>	<b>2,626</b>	<b>2,620</b>

## Notes (continued)

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

	2011 £000	2010 £000
Operating (loss)/profit	(979)	101
Impairment	78	-
Amortisation	19	17
Depreciation	335	223
(Profit)/loss on disposal of fixed assets	(2)	19
Decrease/(increase) in stocks	960	(959)
Decrease/(increase) in debtors	126	(1,756)
(Decrease)/increase in creditors	(411)	1,736
Pension contributions in excess of operating charge	(335)	(359)
	<u>(209)</u>	<u>(978)</u>
Net cash outflow from operating activities	<u>(209)</u>	<u>(978)</u>

### 21 Analysis of net debt

	1 January 2011 £000	Cash flow £000	Non-cash movements £000	Exchange movement £000	31 December 2011 £000
Cash at bank and in hand	100	275	-	14	389
Bank overdraft	(1,184)	(325)	-	-	(1,509)
	<u>(1,084)</u>	<u>(50)</u>	<u>-</u>	<u>14</u>	<u>(1,120)</u>
Debt due within one year	(582)	(1,999)	(79)	(85)	(2,745)
Debt due after more than one year	(2,236)	845	-	-	(1,391)
	<u>(3,902)</u>	<u>(1,204)</u>	<u>(79)</u>	<u>(71)</u>	<u>(5,256)</u>
Total	<u>(3,902)</u>	<u>(1,204)</u>	<u>(79)</u>	<u>(71)</u>	<u>(5,256)</u>

### 22 Analysis of cash flows

	2011 £000	2010 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	2	5
Interest paid	(259)	(112)
	<u>(257)</u>	<u>(107)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(742)	(1,944)
Proceeds from sale of fixed assets	4	-
	<u>(738)</u>	<u>(1,944)</u>
<b>Financing</b>		
New loan	1,165	2,589
Payments towards capital of finance leases	(11)	-
	<u>1,154</u>	<u>2,589</u>

## Notes (continued)

### 23 Contingent liabilities

#### Group

- 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 similar guarantee held with Barclays Bank was £383,000

### 24 Commitments under operating leases

As at 31 December 2011, the group 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	209
Within one to two years	70	125
Within two to five years	104	69
	<u>238</u>	<u>403</u>

### 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

	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	<u>(3,007)</u>	<u>(1,752)</u>

## Notes (continued)

### 25 Pension scheme (continued)

#### *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)
	<hr/>	<hr/>
At 31 December	17,000	13,400
	<hr/>	<hr/>

#### *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)
	<hr/>	<hr/>
At 31 December	12,991	11,000
	<hr/>	<hr/>

#### *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)

## Notes (continued)

### 25 Pension scheme (continued)

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
	<u>12,991</u>	<u>11,000</u>
Actual return on plan assets	<u>1,778</u>	<u>853</u>

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

	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)

## 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

	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 £846,000) 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

Mrs Pratt, a director of the company, has a loan of £500,000 (2010 £nil), which is due on demand

### 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 £47,194 (2010 £1,342)

### 29 Capital commitments

At the year end, the group had capital commitments of £nil (2010 £493,000)