

**ABEX LIMITED**

**Report and Financial Statements**

**For the year ended 30 June 2014**



**ABEX LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2014**

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# **ABEX LIMITED**

## **DIRECTORS' REPORT**

The directors' present their annual report and the audited financial statements for the year ended 30<sup>th</sup> June 2014. The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006. As a result no strategic report has been prepared.

### **PRINCIPAL ACTIVITIES**

The principal activities of Abex Limited ("the company") are the sale, contract hire, service and maintenance of materials handling equipment (MHE) and related services. The company has one full year of trading. The trade and assets of Abex Limited were hived up into Impact Fork Trucks Limited on 30<sup>th</sup> June 2014 and therefore this company is dormant going forward.

### **BUSINESS REVIEW AND FUTURE PROSPECTS**

On the 1<sup>st</sup> July 2013 the business was acquired by Impact Fork Trucks limited and is now 100% owed. The company was previously a main distributor of Nissan Fork Trucks prior to the acquisition, but has now switched to CAT Fork trucks and also continued with its other brands including Combilift. The trade and assets of the company was hived up into Impact Fork Trucks Limited on 30<sup>th</sup> June 2014.

#### **Key performance indicators**

The company's revenue decreased by 30% to £3,059,638 (2013: £4,345,422) and operating profit decreased by 22% to £258,048 (2013: £312,972).

#### **Financial position**

##### **Credit Risk**

In the ordinary course of business the company extends credit terms to its customers and makes use of Trade References and Credit Bureau information.

##### **Price Risk**

The company operates in an actively traded market and accordingly price is determined by market forces. Consequently, risk in competitiveness of pricing lies in the ability to pass on to customers any price increases from our equipment suppliers. The brands represented through Abex are manufactured globally; however the supplies are all denominated in sterling.

##### **Liquidity Risk**

The company has sufficient funds available for its own needs and support is available from its parent company if required.

##### **Foreign Currency Risk**

The company does not conduct transactions denominated in other currencies. Company policy would be to convert such transactions into local currency transactions via the use of foreign exchange contracts.

##### **Interest Rate Risk**

The company finances its operation through a mixture of retained profits and bank facilities. The company has no exposure to interest rate fluctuations as it has not borrowed in the year.

##### **Cash Flow Risk**

The company closely manages cash flow to ensure there are sufficient funds available to meet its short and medium term obligations. The company has the support of its parent company if required.

##### **Key Business Risks**

The supply of new equipment has been identified as a key risk to Abex's growth strategy and in addition a key business risk remains the availability of competent skills in management and engineers. Furthermore any dramatic changes in the economy and interest rates will have an effect on profitability. These issues will continue to be key business risks for Impact Fork Trucks Limited following the hive up of trade and assets on 30<sup>th</sup> June 2014.

### **DIVIDEND**

No dividends were paid or proposed during the year (2013: £75,000). No dividends have been approved post year end.

# **ABEX LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS AND SECRETARY**

The directors of the company during the year and at the date of this report are:

T. Kendrew (appointed 5<sup>th</sup> July 2013)

R. Harris (appointed 5<sup>th</sup> July 2013)

M E Connop (resigned 5<sup>th</sup> July 2013)

D J Wooley (resigned 5<sup>th</sup> July 2013)

None of the above directors held any interest in the shares of the company at any time during the year or the previous year. The interests of the directors in the shares of the ultimate parent company are disclosed in the accounts of that company, which can be obtained from the website shown in note 24 to the accounts.

Company Secretary

R Harris (appointed 5<sup>th</sup> July 2013)

M E Connop (resigned 5<sup>th</sup> July 2013)

Registered Address

Gainsborough Business Park,  
Fields Farm Road,  
Long Eaton, Nottingham,  
NG10 1PX

### **MAIN BUSINESS ADDRESS AND POSTAL ADDRESS:**

Abex House,  
93 Cato Street,  
Birmingham,  
West Midlands  
B7 4TS

### **PARENT COMPANY**

Parent company is Impact Fork Trucks Limited, a company incorporated in England and Wales Reg number 2550150

The ultimate parent company is Eqstra Holdings Limited, a company incorporated in South Africa.

### **GOING CONCERN**

The trade and assets of the company was hived up into Impact Fork Trucks Limited on 30th June 2014.

As a result of the above, the company will not continue in business as all trade will go through Impact Fork Trucks Limited. As a result the company is no longer a going concern.

# **ABEX LIMITED**

## **DIRECTORS' REPORT**

### **AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting of the company.

Approved by the Board of Directors and signed on behalf of the Board



T KENDREW

Director

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABEX LIMITED**

We have audited the financial statements of Abex Ltd for the year ended 30 June 2014 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 concerning the company's ability to continue as a going concern. The trade and assets of the company were hived up into Impact Fork Trucks Limited on 30<sup>th</sup> June 2014. As a result of the above, the company will not continue in business as all trade will go through Impact Fork Trucks Limited. As a result the company is no longer a going concern. This has appropriately been disclosed in the directors' report.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report.

Mark Doleman FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham, UK

  
20 March 2015

# ABEX LIMITED

## STATEMENT OF COMPREHENSIVE INCOME Year ended 30 June 2014

	Note	2014 £	2013 £
<b>REVENUE</b>	2	3,059,638	4,345,422
Cost of sales		(2,446,990)	(3,474,920)
<b>GROSS PROFIT</b>		612,648	870,502
Operating costs		(354,600)	(557,530)
<b>OPERATING PROFIT</b>	3	258,048	312,972
Interest payable	5	(20,565)	(27,062)
<b>PROFIT BEFORE TAXATION</b>		237,483	285,910
Taxation charge	6	(76,303)	(80,395)
<b>PROFIT FOR THE YEAR attributable to equity holders</b>		161,180	205,515
<b>Dividend paid</b>	7	-	(75,000)
<b>Profit after Dividend</b>		161,180	130,515

The company has no recognised gains or losses other than the profit or loss for the current period and prior year, which arose solely from continuing operations. Accordingly, a statement of other comprehensive income has not been prepared.



# ABEX LIMITED

## STATEMENT OF FINANCIAL POSITION 30 June 2014

	Note	2014 £	2013 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property Improvements, plant and equipment	8	-	930,517
<b>CURRENT ASSETS</b>			
Inventories	9	-	94,889
Trade and other receivables	10	-	377,374
Amounts owed from group companies	17	766,714	-
Cash and cash equivalents	16	-	143,250
		766,714	615,513
<b>TOTAL ASSETS</b>		766,714	1,546,030
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	8,200	8,200
Share Premium		2,911	2,911
Capital Redemption reserve		28,889	28,889
Retained income		726,714	565,534
<b>TOTAL EQUITY</b>		766,714	605,534
<b>NON-CURRENT LIABILITIES</b>			
Obligations under HP agreements	13	-	216,266
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	-	528,517
Obligations under Finance Leases	13	-	168,590
Deferred tax liability	12	-	27,123
<b>TOTAL LIABILITIES</b>		-	940,496
<b>TOTAL EQUITY AND LIABILITIES</b>		766,714	1,546,030

These financial statements of Abex Limited registered number 2550150 were approved by the Board of Directors and authorised for issue on 19/3/15

Signed on behalf of the Board of Directors

T KENDREW, Director

# ABEX LIMITED

## STATEMENT OF CHANGES IN EQUITY Year ended 30 June 2014

	Share Capital £	Capital Redemption Reserve £	Share Premium £	Retained Income £	Total £
<b>Balance at 1 July 2012</b>	8,200	28,889	2,911	435,019	475,019
Profit for the year	-	-	-	130,515	130,515
<b>Balance at 30 June 2013</b>	<u>8,200</u>	<u>28,889</u>	<u>2,911</u>	<u>565,534</u>	<u>605,534</u>
<b>Balance at 1 July 2013</b>	8,200	28,889	2,911	565,534	605,534
Profit for the year	-	-	-	161,180	161,180
<b>Balance at 30 June 2014</b>	<u>8,200</u>	<u>28,889</u>	<u>2,911</u>	<u>726,714</u>	<u>766,714</u>

# ABEX LIMITED

## CASH FLOW STATEMENT Year ended 30 June 2014

	Notes	2014 £	2013 £
<b>Cash flows from operating activities</b>	15	(807,700)	622,727
<b>Cash generated by operations</b>			
Interest paid		(20,565)	(27,062)
Corporation Tax paid		(54,969)	(20,120)
Dividend paid		-	(75,000)
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(883,234)</u>	<u>500,545</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(726,797)	(418,555)
Proceeds on disposal of property, plant and equipment		12,809	47,658
Transfer Assets to stock		341,163	122,780
Hive up Assets to Impact Fork trucks Limited		1,112,809	-
<b>Net cash inflow/(outflow) from investing activities</b>		<u>739,984</u>	<u>(248,117)</u>
<b>Cash flows from financing activities</b>			
Bank loans granted		-	-
<b>Net cash movement from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(143,250)	252,428
Cash and cash equivalents at beginning of year		<u>143,250</u>	<u>(109,204)</u>
<b>Cash and cash equivalents at end of year</b>	16	<u><u>-</u></u>	<u><u>143,250</u></u>

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and prior periods.

**Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the company's financial year. The financial statements are prepared on the historical cost basis.

**Going concern assumptions**

The trade and assets of the company was hived up into Impact Fork Trucks Limited on 30th June 2014.

As a result of the above, the company will not continue in business as all trade will go through Impact Fork Trucks Limited. As a result the company is no longer a going concern.

**Foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the company operates, which is pounds sterling.

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in net profit or loss for the period.

**Property, plant and equipment and leasing assets**

Land is reflected at cost and is not depreciated. Major improvements to leasehold properties are capitalised and written off over the period of the leases.

All other assets are recorded at historical cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is calculated on the straight-line basis to write off the cost of each significant component of an asset to its residual value over its estimated useful life as follows:

Hire fleet – casual hire	Over the remaining useful rental life of the equipment under the straight line method to a fair residual value
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**Plant and equipment**

The depreciation method, estimated remaining useful lives and residual values are reviewed at least annually.

Where significant components of an asset have different useful lives to the remainder of the asset itself, these components are depreciated over their estimated useful lives.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by reference to their carrying amount and are taken into account in determining operating profit.

**1. ACCOUNTING POLICIES (continued)**

**Inventories**

Inventories comprise parts, forklift trucks being refurbished or modified in the company's own workshops, new forklift trucks available for sale and used forklift trucks formerly part of the rental fleet available for sale or rehire, and workshop work in progress.

Inventories are stated at the lower of cost or net realisable value, due recognition having been made for obsolescence and redundancy. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories are held based on the following cost bases:

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

Equipment	Specific cost
Spares and accessories	Average cost
Work in progress	Specific cost

Work in progress includes direct costs and a proportion of related direct productive overheads.

- In the case of trucks refurbished or modified in the company's own workshops cost comprises the fair value of the truck at the end of the lease, direct materials, direct labour and attributable production overheads based on normal levels of activity.

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

**Financial instruments**

Financial assets and financial liabilities are recognised in the company's statement of financial position date when the company becomes a party to the contractual provisions of the instrument.

Financial assets are classified as trade and other receivables and cash and cash equivalents.

Financial liabilities are classified as borrowings (including bank overdrafts), obligations under finance leases, trade and other payables (including accruals and taxation and social security), amounts owing to group companies, derivative financial instruments and provisions.

Non-derivative financial assets are categorised as 'loans and receivables' and non-derivative financial liabilities are categorised as 'other financial liabilities'. Derivative financial instruments are categorised as 'at fair value through profit and loss'.

Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'trade and other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**Trade and other receivables**

Trade and other receivables originated by the company are stated at amortised cost as reduced by appropriate allowances for doubtful debts.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the statement of financial position date and include overdrafts where these are used on a day to day basis to manage cash.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

**Other financial liabilities**

Other financial liabilities, including loans payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

**Loans payable**

Interest-bearing loans are initially recorded on the day that the loans are advanced at the net proceeds received.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Trade payables**

Trade payables are stated at amortised cost.

**De-recognition**

The company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

**The Company as lessor**

Rental income is recognised in the statement of comprehensive income over the period of the lease term on the straight-line basis.

Assets leased out under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets.

**Finance leases**

Assets held under finance leases are recognised as assets of the company at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease.

**Operating leases**

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**Taxation**

The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowable. It is calculated using tax rates that have been substantively enacted at the statement of financial position date.

**Deferred taxes**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

In principal, deferred tax liabilities are recognised for all temporary differences arising from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other retirement benefits. Deferred tax assets are raised only to the extent that their recoverability is probable. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company is able to and intends to settle its current tax assets and liabilities on a net basis.



**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

**Revenue recognition**

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Where there are guaranteed buyback arrangements in terms of which significant risks and rewards of ownership have not transferred to the purchaser, the transaction is accounted for as a finance lease.

Revenue arising from the rendering of services is recognised on the accrual basis in accordance with the substance of the agreement.

Where the company acts as agent and is remunerated on a commission basis, the commission is included in revenue. Where the company acts as principal, the total value of business handled is included in revenue.

**Pension costs**

The company makes contributions to an independently administered defined contribution pension scheme for employees and executive directors. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

**Significant accounting judgements and estimates**

The preparation of the financial statements requires the company's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

**Residual value and useful life**

The company depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IAS16 Property, plant and equipment (revised), are re-assessed on at least an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014****1. ACCOUNTING POLICIES (continued)****Income taxes**

Significant judgement is required in determining the provision for [pro taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

**Impact of new issued standards**

In the current year, the following standards and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

IFRS 1 (amended) – Additional Exemptions for First-time Adopters

IFRS 1 (amended) – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

IFRS 2 (amended) – Group Cash-settled Share Based Payment Transactions

IAS 24 (revised) Related Party Disclosures

IFRIC 14 (amended) Prepayments of a Minimum Funding Requirement

IFRIC 19 Extinguishing Liabilities with Equity Instruments

Improvements to IFRSs 2010

The adoption of these Interpretations has not led to any changes in the company's accounting policies.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue and adopted by the EU but are not yet effective:

IFRS 9 'Financial Instruments' (effective for periods beginning on or after 1 January 2015).

IFRS 10 'Consolidated Financial Statements' (effective for periods beginning on or after 1 January 2013).

IFRS 11 'Joint Arrangements' (effective for periods beginning on or after 1 January 2013).

IFRS 12 'Disclosure of Interest in Other Entities' (effective for periods beginning on or after 1 January 2013).

IFRS 13 'Fair Value Measurement' Entities' (effective for periods beginning on or after 1 January 2013).

IAS 27 (Revised May 2011) 'Separate Financial Statements' Entities' (effective for periods beginning on or after 1 January 2013).

IAS 28 (Revised May 2011) 'Investments in Associates and Joint Ventures' Entities'.

IAS 19 (Revised June 2011) 'Employee Benefits' Entities' (effective for periods beginning on or after 1 January 2013).

**Notes to the Financial Statements (continued)**

**Year ended 30 June 2014**

**1. ACCOUNTING POLICIES (continued)**

Amendment to IFRS 7 'Financial Instrument Disclosures' Entities' (effective for periods beginning on or after 1 January 2013).

Amendment to IAS 32 (effective for periods beginning on or after 1 January 2014).

Amendment to IAS 12 'Deferred tax: Recovery of Underlying Assets'.

Amendment to IAS 1 'Financial Statement Presentation'.

Amendments to IFRS 1 'Government Loans'.

The directors anticipate that the adoption of these standards in future periods will not have a material impact on these financial statements, except for additional disclosures, when the relevant standards come into effect.

**2. REVENUE**

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties.

Revenue is attributable to the sale, contract hire and maintenance of forklift trucks as well as the sale of parts and accessories.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Sale of goods	1,093,426	2,471,460
Rendering of services	1,966,212	1,873,962
	<u>3,059,638</u>	<u>4,345,422</u>

**3. OPERATING PROFIT**

Operating profit is arrived at after taking the following into account:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Auditor's remuneration</b>	<b>7000</b>	<b>-</b>
-audit fee for the audit of the annual financial statements	5,000	-
-other services – taxation	2,000	-
<b>Depreciation of property, plant and equipment</b>	<b>190,638</b>	<b>170,205</b>
- rental fleet	164,263	130,503
- plant, vehicles and furniture	26,375	39,702
<b>(Profit) on disposal of property, plant and equipment</b>	<b>(105)</b>	<b>(3,643)</b>
<b>Operating lease charges</b>	<b>32,182</b>	<b>32,182</b>
- property rentals	<u>32,182</u>	<u>32,182</u>

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2014 Number</b>	<b>2013 Number</b>
<b>Average number of persons employed</b>		
Administration and sales	9	15
Engineers	13	13
	<u>22</u>	<u>28</u>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	606,175	688,381
Social security costs	71,466	67,750
Other pension costs	6,656	11,483
	<u>684,297</u>	<u>767,614</u>
<b>Directors' emoluments</b>		
Salaries	-	174,035
Retirement fund contributions	-	5,872
	<u>-</u>	<u>179,907</u>
	<b>Number</b>	<b>Number</b>
<b>Directors being paid by the company</b>	<u>-</u>	<u>3</u>
<b>Directors accruing benefits under the money purchase pension scheme</b>	<u>-</u>	<u>3</u>

Two of the directors (2013: nil) received remuneration from other group companies.

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest payable on financial liabilities analysed by category of liability, is as follows:		
HP Interest payable	20,565	27,062
	<u>20,565</u>	<u>27,062</u>
Total interest payable for financial liabilities not designated at fair value through profit or loss	<u>20,565</u>	<u>27,062</u>

**6. TAX**

<b>a) Analysis of tax charge</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
Current year	8,320	61,535
Adjustment in respect of prior years	(6,566)	-
	<u>1,754</u>	<u>61,535</u>
<b>Deferred taxation</b>		
Current year charge	74,549	18,860
Adjustment in respect of prior years	-	-
	<u>76,303</u>	<u>80,395</u>

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

The tax assessed for the year differs to the standard rate of corporation tax in the UK of 22.5%. The differences are explained below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit before tax	237,483	285,910
	<u>237,483</u>	<u>285,910</u>
UK corporation at 22.5% (2013: 23.75%)	55,434	67,904
Effect of change in tax rates	29,435	12,491
Adjustments in respect of prior years	(6,566)	-
	<u>76,303</u>	<u>80,395</u>
<b>Current tax charge for the year (note 6a)</b>	<u>76,303</u>	<u>80,395</u>

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**6. TAX (continued)**

The UK Government announced a reduction in the standard rate of UK corporation tax from 24% to 23% effective 1 April 2014.

The UK Government also proposed changes to further reduce the standard rate of the UK corporation tax by 1% per annum to 21% by 1 April 2015. As these rates were not substantively enacted at the statement of financial position date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 19, as it is a non-adjusting event occurring after the reporting period. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

**7. DIVIDEND PAID**

No dividend was paid in the year (2013: £75,000)

**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
Rental fleet	-	1,286,374
Plant, vehicles and furniture	-	212,692
	<u>-</u>	<u>1,499,066</u>
<b>Accumulated depreciation</b>		
Rental fleet	-	416,345
Plant, vehicles and furniture	-	142,204
	<u>-</u>	<u>558,549</u>
<b>Net book value</b>	<u>-</u>	<u>930,517</u>

	<b>Rental fleet £</b>	<b>Plant, vehicles and furniture £</b>	<b>Total £</b>
<b>Movement in net book value 2014</b>			
Opening balance	860,029	70,488	930,517
Additions	725,337	1,460	726,797
Disposals	-	(12,704)	(12,704)
Transfer to Stock	(341,163)	-	(341,163)
Depreciation	(164,263)	(26,375)	(190,638)
Hive up to Impact Fork trucks Ltd	(1,079,940)	(32,869)	(1,112,809)
	<u>-</u>	<u>-</u>	<u>-</u>

# ABEX LIMITED

## Notes to the Financial Statements (continued) Year ended 30 June 2014

### 8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Rental fleet £	Plant, vehicles and furniture £	Total £
<b>Movement in net book value 2013</b>			
Opening balance	713,972	134,990	848,962
Additions	399,340	19,215	418,555
Disposals	(122,780)	(44,015)	(166,795)
Depreciation	(130,503)	(39,702)	(170,205)
	<u>860,029</u>	<u>70,488</u>	<u>930,517</u>

### 9. INVENTORIES

	2014 £	2013 £
Parts	-	59,266
Work-in-progress	-	35,623
	<u>-</u>	<u>94,889</u>

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**10. TRADE AND OTHER RECEIVABLES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	375,409
Other debtors	-	-
Prepayments and accrued income	-	1,965
	<u>-</u>	<u>377,374</u>

An allowance has been made for estimated irrecoverable amounts from the sale of goods £nil (2013: £4,788). This allowance has been determined by reference to past default experience.

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**Trade receivables that are neither past overdue nor impaired**

Trade accounts receivable consist mainly of a large, widespread customer base. The company monitors the financial position of their customers on an ongoing basis. Creditworthiness of trade debtors is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade receivables that are neither past overdue nor impaired	<u>-</u>	<u>323,959</u>

Based on past experience, the group believes that no significant impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the company, and there has been no objective evidence to the contrary.

**Past due trade receivables**

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date and no significant provision has been made as there has not been a change in credit quality and the amounts are still considered recoverable. A summarised age analysis of past due debtors is set out below

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Past due		
1 Month	-	35,274
2 Months	-	16,176
	<u>-</u>	<u>51,450</u>
Past due trade receivables	<u>-</u>	<u>51,450</u>

The overdue debtor ageing profile above is typical of the industry in which certain of our businesses operate.

Given this, existing insurance cover, and the nature of the related counterparties, these amounts are considered recoverable.



**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**10. TRADE AND OTHER RECEIVABLES (Continued)**

No significant collateral was held by the company as security and other enhancement over the financial assets during the year.

**Provision for doubtful debts**

Before the financial instruments can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by credit guarantee of a bad debt provision. There were no allowances for impairments on long term receivables at cost during the period under review. The ageing of impaired trade receivables all relates to amounts 90 to 120 days overdue.

**Analysis of provision for doubtful debts**

	2014 £	2013 £
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Balance at start of year	4,788	3,899
Amounts written off during the year	(13,458)	-
(Reduction)/Increase in allowance recognised in profit or loss	9,166	889
Hive up to Impact Fork trucks Ltd	(496)	-
	<u>-</u>	<u>4,788</u>
Balance at the end of the year	-	4,788

There is no significant concentration of risk in respect of any particular customer or industry segment.

**Credit risk**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures.

The carrying amount of financial assets represents the maximum, credit exposure. None of the financial instruments were held as collateral for any security provided.

**Other receivables**

The credit quality of all other receivables is sound and none are overdue or impaired.

**11. SHARE CAPITAL**

	2014 £	2013 £
<b>Called up, allotted and fully paid</b>		
8,200 ordinary shares of £1 each	<u>8,200</u>	<u>8,200</u>

# ABEX LIMITED

## Notes to the Financial Statements (continued) Year ended 30 June 2014

### 12. DEFERRED TAXATION

	2014 £	2013 £
Long term asset at beginning of year	27,123	8,263
Current year charge	74,548	18,860
Prior year credit	-	-
Hive up to Impact Fork Trucks Ltd	(101,671)	
Asset at end of year	-	27,123
<b>Deferred taxation asset is made up as follows:</b>		
Property, plant and equipment allowances	-	27,123
	-	27,123

### 13. OBLIGATIONS UNDER HIRE PURCHASE

	Minimum lease payments		Present value of lease payments	
	2014 £	2013 £	2014 £	2013 £
Amounts payable under Hire Purchase:				
Within one year	-	168,590	-	168,590
In the second to fifth years inclusive				
After five years	-	216,266	-	216,266
Present value of lease obligations	-	384,856	-	384,856
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	168,590
Amount due for settlement after 12 months			-	216,266

### 14. TRADE AND OTHER PAYABLES

	2014 £	2013 £
Trade creditors	-	279,658
Accruals	-	157,850
Other Creditors	-	29,474
Corporation Tax Payable	-	61,535
	-	528,517

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

# ABEX LIMITED

## Notes to the Financial Statements (continued) Year ended 30 June 2014

### 15. CASH GENERATED BY OPERATIONS

	2014 £	2013 £
Operating profit	258,048	312,972
Adjusted for:		
Depreciation	190,638	170,205
(Profit) on disposal of plant and equipment	(105)	(3,643)
	<u>448,581</u>	<u>479,508</u>
Operating profit before working capital changes		
Working capital changes:		
Decrease in inventories	94,889	83,029
Decrease in trade and other receivables	377,374	13,283
(Increase) in amount owed from group company	(766,714)	-
(Decrease)/Increase in trade and other payables and provisions	(851,838)	46,907
Tax Liability Hived up to Impact Fork Trucks Limited	(109,992)	-
	<u>(807,700)</u>	<u>622,727</u>
Cash generated by operations		

### 16. CASH AND CASH EQUIVALENTS

	2014 £	2013 £
Cash	-	143,250
	<u>-</u>	<u>143,250</u>

### 17. AMOUNTS OWED FROM GROUP COMPANIES

	2014 £	2013 £
Amount owed to parent company	766,714	-
	<u>766,714</u>	<u>-</u>

**Notes to the Financial Statements (continued)**  
**Year ended 30 June 2014**

**18. OPERATING LEASE COMMITMENTS**

At the statement of financial position date the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2014 £	2013 £
Within one year		
- property	-	30,000
In the second to fifth years inclusive		
- property	-	60,000
More than five years		
- property	-	-
	<u>-</u>	<u>90,000</u>

Operating lease payments represent rentals payable by the company for property occupied by the company and for assets used within the business. Leases are for varying terms up to a maximum of 5 years and rentals may be fixed or variable.

**19. ULTIMATE PARENT COMPANY**

The company regarded by the directors as the immediate, ultimate parent and controlling party is Eqstra Holdings Limited, which is incorporated in South Africa. It is also the parent company of the largest and smallest group for which group accounts are prepared.

Copies of the consolidated accounts of Eqstra Holdings Limited can be obtained from the company's web-site, [www.eqstra.co.za](http://www.eqstra.co.za).

**20. RELATED PARTY TRANSACTIONS**

**Related party transactions**

The company is part of the Eqstra Holdings Limited group, which is incorporated in South Africa. During the year the company, in the ordinary course of business, entered into sales transactions with the parent company, Impact Fork Trucks Limited. These transactions occurred under terms that are no less favourable than those arranged with third parties and totalled £203,871 throughout the year. It also purchased from Impact Fork Trucks Limited £640,116 throughout the year (2013: £nil). At the year end there is a £766,714 debtor owed by Impact Fork Trucks Limited.

**Interest of directors in contracts**

The directors have confirmed that they were not materially interested in any transaction of any significance with the company. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist. (2013: Property rent of £30,000 paid to Mr M Connop's trust)