

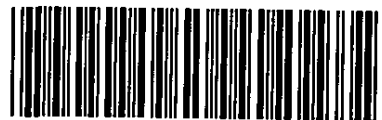
Registration Number: 2562881

# **ABC INVESTMENT HOLDINGS LIMITED**

## **REPORT AND ACCOUNTS**

**For the year ended 31<sup>st</sup> December 2009**

WEDNESDAY



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COMPANIES HOUSE

## **THE BOARD OF DIRECTORS**

FARHAT OMER EKDARA - Chairman (resigned 24<sup>th</sup> March 2009)

HASSAN ALI JUMA (resigned 24<sup>th</sup> March 2009)

SAEED MUBARAK AL-HAJERI (resigned 24<sup>th</sup> March 2009)

HILAL MISHARI AL-MUTAIRI (resigned 24<sup>th</sup> March 2009)

USAMA RAMEZ MIKDASHI (resigned 24<sup>th</sup> March 2009)

DAVID THOMAS R CARSE OBE (resigned 24<sup>th</sup> March 2009)

ABDULLAH SAUD ABDULAZIZ ALHUMAIDHI (resigned 24<sup>th</sup> March 2009)

NOFAL SHAMOUN BARBAR – Chief Executive Officer and Managing Director

DAVID THOMAS HOLDEN – Company Secretary

## **ABC Investment Holdings Limited (the "Company")**

### **DIRECTOR'S REPORT**

The Director presents his report and financial statements for the year ended 31st December 2009. The principal activities of the Company are summarised below.

#### **PRINCIPAL ACTIVITIES**

The Company is a property holding company and its ultimate parent company is Arab Banking Corporation (B S C) ("ABC"), registered in Bahrain. The Company is a subsidiary of ABC International Bank plc ("the Bank") which is a UK banking entity authorised and regulated by the Financial Services Authority ("FSA").

The Company changed its corporate structure during the year, so that the bank is now owned directly by ABC Bahrain, its parent, without going through this holding company, as was previously the case. This restructuring resulted in various benefits, most importantly, an increase in regulatory capital of the Bank by £96 million, and for ABCIH repayment of part of its long term borrowing.

#### **RESULTS AND DIVIDENDS**

The loss of the Company for the year amounts to £416,000 (2008 - £7,512,000). The Director does not recommend the payment of a dividend (2008 - £Nil).

The Director does not rely on key performance indicators to monitor the business. The business is managed by monitoring the business' performance against budget, which is performed on a monthly basis.

#### **Going Concern**

In assessing whether the going concern assumption remains appropriate for the company, the Director has considered:

- the underlying purpose of the company, in providing support functions to the ABC Group,
- the sources of funding available to the company and
- its obligations forecast to fall due within 12 months of signing the financial statements.

Based on these factors the Director has ascertained that the Company will continue as a going concern for a period of 12 months from the signing of the accounts. As such, it remains appropriate to prepare the financial statements on the going concern basis.

#### **DIRECTORS**

The Company does not have any employees as at 31<sup>st</sup> December 2009 (excluding Directors) all of which were employed by the Bank.

The full list of Directors who served during the year ended 31<sup>st</sup> December 2009 is shown on page 1. None of the Directors had an interest in the shares of the Company during 2009, nor any option to purchase shares.

As part of a restructuring of the Group all of the directors, with the exception of the managing director, Mr Nofal S Barbar, resigned their office as directors with effect from 24<sup>th</sup> March 2009.

#### **SUPPLIERS PAYMENT POLICY**

It is the Company's policy in every case to pay its suppliers within the agreed period from the date of the invoice.

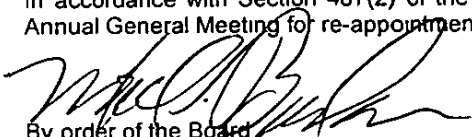
#### **DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Director confirms that:

- there is no relevant information of which the Company's auditor is unaware, and
- he has taken all steps that he ought to have taken to make himself aware of any relevant audit information, and to establish that the auditor is aware of that information.

#### **REAPPOINTMENT OF AUDITOR**

In accordance with Section 487(2) of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst & Young LLP as auditor of the Company.

  
By order of the Board  
Nofal S Barbar  
CEO and Managing Director

27 September 2010

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements the Director is required to

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

The Director is responsible for keeping proper 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 ABC INVESTMENT HOLDINGS LIMITED**

We have audited the financial statements of ABC Investment Holdings Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

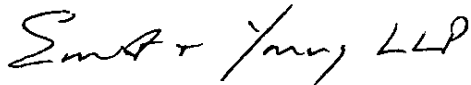
**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, 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

A handwritten signature in black ink, appearing to read 'Peter Wallace' followed by 'Ernst & Young LLP'.

Peter Wallace (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

28 September 2010

**ABC Investment Holdings Limited**

**PROFIT AND LOSS ACCOUNT**

for the year ended 31st December 2009

		<b>2009</b>	<b>2008</b>
		<b>£000</b>	<b>£000</b>
	<b>Note</b>		
Rental income		<b>1,900</b>	<b>1,900</b>
Interest payable		<b>(1,737)</b>	<b>(8,841)</b>
Administrative expenses	<b>2</b>	<b>(17)</b>	<b>(8)</b>
Depreciation and amortisation	<b>5</b>	<b>(562)</b>	<b>(563)</b>
<b>Loss on ordinary activities before tax</b>		<b>(416)</b>	<b>(7,512)</b>
Tax on ordinary activities	<b>4</b>	<b>-</b>	<b>-</b>
<b>Loss on ordinary activities after tax</b>	<b>3</b>	<b>(416)</b>	<b>(7,512)</b>

The results for the years ended 31st December 2009 and 31st December 2008 are derived from continuing operations

A statement of total recognised gains and losses has not been included as there were no recognised gains or losses for the current or previous financial years other than those already dealt with in the profit and loss account

**BALANCE SHEET**  
as at 31st December 2009

	Note	2009 £000	2008 £000
<b>Assets</b>			
Fixed assets	5	41,063	41,625
Investment in subsidiary undertakings		-	182,296
<b>Current Assets</b>			
Amounts owed by parent undertaking		1	1
Deferred tax asset	6	1,600	1,600
Prepayments and accrued income		1	2
		1,602	1,603
<b>CREDITORS Amounts falling due within one year</b>			
Amounts owed to parent undertaking		2,902	4,105
Other creditors	7	503	493
Accruals and deferred income	8	37	429
Term borrowing	9	38,823	142,532
		42,265	147,559
<b>Net Current liabilities</b>		<b>(40,663)</b>	<b>(145,956)</b>
<b>Total Assets less Current Liabilities</b>		<b>400</b>	<b>77,965</b>
<b>Capital and Reserves</b>			
Called up share capital	10	-	171,649
Profit and loss account	11	400	(93,684)
<b>Equity shareholders' funds</b>	11	<b>400</b>	<b>77,965</b>



Nofal Barbar  
Chief Executive Officer and Managing Director

27 September 2010



NOTES TO THE ACCOUNTS

**1 Accounting policies**

**1.1 Basis of preparation**

The financial statements of ABC Investment Holdings Limited ("ABCIH") are prepared under the historical cost convention. The accounting policies adopted are consistent with those used in the previous financial year.

The accounts have been prepared on the going concern basis as the ultimate parent company, Arab Banking Corporation (B.S.C.), has undertaken to provide the necessary finance to enable the company to meet its obligations as they fall due.

**1.2 Significant accounting judgements and estimates**

In the process of applying ABCIH's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

**Fair value of financial instruments**

The fair values of financial assets and financial liabilities recorded on the balance sheet are all mainly derived from observable market data wherever practical.

**Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In assessing the recoverability of deferred tax assets, management considers forecast profits for two years.

**1.3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below:

**a) Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to 'Other operating income' in the profit and loss account.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions except in the case of non-monetary items that form part of effective hedging relationships which are translated at rates of exchange at the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**b) Recognition of income and expense**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**i) Interest and similar income and expense**

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or the financial liability.

**ii) Rental income**

Rental income represents rent receivable on ABC House from the immediate parent company accounted for on the accrual basis.

**c) Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets at rates calculated to write off the cost less estimated residual value on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Buildings	- 50 years
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The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**d) Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**e) Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

**f) Cashflow**

The Director has chosen not to present a cash flow statement in accordance with FRS 1 (revised 1996), section 5, paragraph (a).

## NOTES TO THE ACCOUNTS (continued)

**2 Administrative expenses**

The Company does not have any employees (2008 - nil)

The director of ABC Investment Holdings Limited has not received any fees or other emoluments as defined by Part 15 Section 412 to the Companies Act 2006 (2008 - nil)

**3 Profit on ordinary activities before tax**

	2009 £000	2008 £000
Profit is stated after charging		
Auditors' remuneration	(7)	(7)
audit of the financial statements		
taxation services	(10)	(1)

**4 Taxation**

	2009 £000	2008 £000
Tax on Profit on ordinary activities		
UK Corporation tax	-	-

**Factors affecting tax for the year**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2009 £000	2008 £000
Loss on ordinary activities before tax	(416)	(7,512)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	(116)	(2,103)
Effect of		
Fixed assets depreciation	157	157
Loan relationship brought forward losses utilised	(527)	(530)
Group relief	486	53
Loss carried forward	-	2,423
Current tax charge	-	-

**5 Tangible fixed assets**

	Freehold Land and Buildings £000	Total £000
Cost		
At 1st January 2009	60,000	60,000
At 31st December 2009	60,000	60,000
Depreciation		
At 1st January 2009	18,375	18,375
Charge for the year	562	562
At 31st December 2009	18,937	18,937
Net book value		
At 31st December 2009	41,063	41,063
At 31st December 2008	41,625	41,625

**6 Deferred tax asset**

	2009 £000	2008 £000
At 1st January	1,600	1,600
At 31st December	1,600	1,600
The major components of the deferred tax asset are as follows	£000	£000
Unutilised tax losses	1,600	1,600

There is unrecognised deferred tax asset of £6.3 million based on tax rate of 28% (2008: £6.9 million) arising mainly due to brought forward tax losses. Management has performed a review of recoverability of deferred tax assets considering forecast profits for the next three years. The assumptions used in preparing these forecasts have been subject to a series of stress tests to ensure the forecasts fall within a reasonable range of outcomes.

**7 Other Creditors**

	2009 £000	2008 £000
Rent received in advance	475	475
Others	28	18
	<u>503</u>	<u>493</u>

**8 Accruals and deferred income**

	2009 £000	2008 £000
Interest payable	<u>37</u>	<u>429</u>

**9 Term borrowing**

	2009 £000	2008 £000
Repayable		
Within one year	<u>38,823</u>	<u>142,532</u>
	<u>38,823</u>	<u>142,532</u>
Included in the above are balances due to ABC Group undertakings of	<u>38,823</u>	<u>102,532</u>

Interest on all term borrowing is calculated by reference to LIBOR plus margin which are repriced monthly

**10 Called up share capital**

	2009 & 2008 Authorised	2009 Issued	2008 Issued
Ordinary shares of £1 each	<u>300,000,000</u>	<u>100</u>	<u>171,649,000</u>

**Capital restructure**

During 2009, ABCIH changed its corporate structure, so that ABCIH became a subsidiary of ABC International Bank plc (its former subsidiary). As a result, ABCIH wrote off 171,648,900 shares leaving the Company with 100 ordinary shares of £1 each fully paid.

NOTES TO THE ACCOUNTS (continued)

11 Equity shareholders' funds

	Ordinary share capital £000	Profit & loss account £000	Total £000
Brought forward 1st January 2009	171,649	(93,684)	77,965
Loss for the year	-	(416)	(416)
Write off share capital following restructure	(171,649)	94,500	(77,149)
At 31st December 2009	-	400	400

12 Related party transactions

ABC Investment Holdings Limited is a 100% subsidiary undertaking and consolidated financial statements for the Group are publicly available. Group transactions have not been disclosed pursuant to the exemptions permitted in Financial Reporting Standard 8.

13 Ultimate Parent Undertaking

The ultimate parent company is the Arab Banking Corporation (B S C ) incorporated in the Kingdom of Bahrain. ABCIH is a subsidiary undertaking of ABC International Bank plc which is registered in England. Copies of the ultimate parent company's consolidated financial statements which include ABC Investment Holdings Limited are available from Arab Banking Corporation House, 1 - 5 Moorgate, London EC2R 6AB.