

Abacus Investcorp Limited

**Directors' report and financial
statements**

Registered number 03092778

31 December 2011

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Company information

Directors

AJ Morris-Richardson, FCA
JM Lawson, ACMA

Secretary and registered office

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

Company number

03092778

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

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

Solicitors

Eversheds LLP
1 Royal Standard Place
Nottingham
NG1 6FZ

Directors' report

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

Principal activities, trading review and future developments

Abacus Investcorp Limited is an investment holding company. It has received no income and incurred no expenditure and consequently has made neither a profit nor a loss.

Directors

The directors who held office during the year were

G Hall - resigned 25 May 2011

AJ Morris-Richardson, FCA

JM Lawson - appointed 4 January 2011

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

Disclosure of information to auditors

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

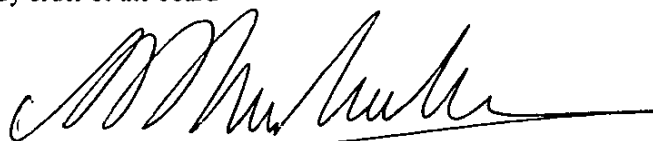
Political and charitable contributions

The company made no political or charitable donations during the year (2010 £nil).

Auditors

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

By order of the board



AJ Morris-Richardson
Director

Registered office:

Oddicroft Lane
Sutton-in-Ashfield
Nottinghamshire
NG17 5FT

Dated

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

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

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

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

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

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



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

We have audited the financial statements of Abacus Investcorp Limited for the year ended 31 December 2011 set out on pages 5 to 7. 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 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception.

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

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

Philip Charles (Senior Statutory Auditor)

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

Dated 27 September 2012

Profit and loss account

The company has not traded during either the current or preceding year, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss and there were no other recognised gains or losses

Balance sheet

as at 31 December 2011

	<i>Notes</i>	2011 £000	2010 £000
Fixed assets			
Investment	2	2,306	2,306
		<hr/>	<hr/>
Net assets		2,306	2,306
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	3	2,306	2,306
		<hr/>	<hr/>
Shareholder's funds		2,306	2,306
		<hr/>	<hr/>

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 03092778

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

Going concern

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

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

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

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

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

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

Group accounts

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Related party transactions

As the company is a wholly owned subsidiary of Abacus Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Abacus Holdings Limited, within which this Company is included, can be obtained from the address shown on page 1.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

Cash flow statement

Under FRS 1, the company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of Abacus Holdings Limited which publishes consolidated financial statements that include Abacus Investcorp Limited.

2 Fixed asset investment

Shares in group undertakings

	£000
<i>Cost and net book value</i>	
At 1 January 2011	2,306
Additions	-
	<hr/>
At 31 December 2011	2,306
	<hr/>

The company had investments in the following group undertaking at 31 December 2011

	Country of incorporation	Proportion of ordinary share capital held directly	Principal activity
Shanghai Abacus Lighting Limited	China	100%	Design, manufacture and installation of lighting systems
Abacus Lighting LLC	Russia	100%	Design, manufacture and installation of lighting systems

Notes (continued)

3 Called up share capital

	2011	2010
	£000	£000
<i>Equity</i>		
<i>Allotted, called up and fully paid</i>		
2,306,160 (2010 2,306,160) Ordinary shares of £1 each	2,306	2,306

4 Contingent liability

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 £1,485,000 (2010 £1,202,000)

5 Ultimate parent and controlling company

The company is a wholly owned subsidiary undertaking and is included within the consolidation of Abacus Holdings Limited, which is incorporated in England. Copies of the financial statements can be obtained from the registered office address shown on page 1