

Company Registration No. 3100123 (England and Wales)

AB GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

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AB GROUP LIMITED

COMPANY INFORMATION

Directors	M A Lawson J L Lawson
Secretary	B K Thakrar
Company number	3100123
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Accountants	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Business address	2nd Floor 25 Old Burlington Street London W1S 3AN
Bankers	Barclays Bank Plc Hanover Square Business Centre 8/9 Hanover Square London W1A 4ZW
Solicitors	Chalcots 3 Utopia Village 7 Chalcot Road London NW1 8LH

AB GROUP LIMITED

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AB GROUP LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	3		94,783		134,066
Investment properties	4		387,300		387,300
Investments	5		11,088,818		11,547,676
			<u>11,570,901</u>		<u>12,069,042</u>
Current assets					
Debtors	6	19,685,221		14,283,307	
Cash at bank and in hand		43,971		1,624,621	
		<u>19,729,192</u>		<u>15,907,928</u>	
Creditors: amounts falling due within one year	7	<u>(6,517,360)</u>		<u>(23,475,666)</u>	
Net current assets/(liabilities)			<u>13,211,832</u>		<u>(7,567,738)</u>
Total assets less current liabilities			<u>24,782,733</u>		<u>4,501,304</u>
Provisions for liabilities			<u>(421,458)</u>		<u>(226,746)</u>
Net assets			<u><u>24,361,275</u></u>		<u><u>4,274,558</u></u>
Capital and reserves					
Called up share capital	8		100		100
Capital redemption reserve			3,444,959		3,444,959
Profit and loss reserves			20,916,216		829,499
Total equity			<u><u>24,361,275</u></u>		<u><u>4,274,558</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial period ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

AB GROUP LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2016

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30 March 2017 and are signed on its behalf by:



M A Lawson

Director

Company Registration No. 3100123

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

AB Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 December 2016 are the first financial statements of AB Group Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 11.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Turnover

Turnover represents gross rents receivable.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20%
Motor vehicles	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Interests other than subsidiaries, associates and jointly controlled entities are initially measured at transaction price, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 9 (2015 - 10).

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2015	142,962
Additions	2,355
	<hr/>
At 31 December 2016	145,317
	<hr/>
Depreciation and impairment	
At 1 July 2015	8,896
Depreciation charged in the period	41,638
	<hr/>
At 31 December 2016	50,534
	<hr/>
Carrying amount	
At 31 December 2016	94,783
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At 30 June 2015	134,066
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4 Investment property

	2016
	£
Fair value	
At 1 July 2015 and 31 December 2016	387,300
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The investment properties were value by the directors as the year end date on an open market basis.

5 Fixed asset investments

	2016	2015
	£	£
Investments	11,088,818	11,547,676
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AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

5 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 July 2015	12,762,416	2,997,675	15,760,091
Additions	-	2,131,502	2,131,502
Valuation changes	-	509,639	509,639
Disposals	-	(100,000)	(100,000)
At 31 December 2016	12,762,416	5,538,816	18,301,232
Impairment			
At 1 July 2015	4,212,415	-	4,212,415
Impairment losses	2,999,999	-	2,999,999
At 31 December 2016	7,212,414	-	7,212,414
Carrying amount			
At 31 December 2016	5,550,002	5,538,816	11,088,818
At 30 June 2015	8,550,001	2,997,675	11,547,676

6 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	-	1,250
Amount due from parent undertaking	12,013,403	13,314,850
Amounts due from subsidiary undertakings	1,665,000	880,000
Other debtors	5,909,339	18,501
Prepayments and accrued income	97,479	68,706
	19,685,221	14,283,307

AB GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2016

7 Creditors: amounts falling due within one year

	2016	2015
	£	£
Preference shares treated as a financial liability	903,000	903,000
Trade creditors	39,428	38,695
Amounts due to group undertakings	5,563,000	22,515,766
Other taxation and social security	-	8,159
Other creditors	3,857	4,046
Accruals and deferred income	8,075	6,000
	<hr/>	<hr/>
	6,517,360	23,475,666
	<hr/>	<hr/>

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

8 Called up share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

The holders of the ordinary and 'B' Redeemable preference shares (note 8) have the following rights:-

a) Dividends

If and to the extent that in respect of any financial year AB Group Limited distributes any sum then such sum shall be applied in the following manner and priority:

i) First in paying to the holders of the 'B' Redeemable Preference Shares a non-cumulative preferential dividend of 5p net per share:

ii) secondly in paying to the holders of the ordinary shares in AB Group Limited a dividend in the aggregate sum equal to 80 per cent, of the post tax profits of AB Group Limited for that financial year less the preferential dividend referred to in paragraph (i) above:

iii) thirdly in distributing the balance amongst the holders of the ordinary shares in AB Group Limited.

b) Return of capital

On a return of capital on liquidation or otherwise the assets of AB Group Limited available for distribution among the members shall be applied in the following manner and order of priority:

i) firstly, in paying to the holders of the 'B' Redeemable Preference Shares the amount paid up or credited as paid on such shares together with the amount of any premiums paid or credited as paid on the issue or subscription of such shares; and

ii) secondly, in distributing the balance amongst the holders of the ordinary shares in AB Group Limited in proportion to the amount paid up or credited as paid on such ordinary shares.

c) Voting

The 'B' Redeemable Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any general meeting of AB Group Limited unless the business of the meeting includes the consideration of a resolution for winding up AB Group Limited or for a reduction in the capital of AB Group Limited for any resolution modifying any of the special rights or privileges attached to such shares in which case the holders of such shares (or the relevant class of such shares) shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

d) Redemption

AB Group Limited at its sole discretion and subject to the statutory provisions redeem some or all of the 'B' Redeemable Preference Shares for the time being issued and outstanding at any time by notice to the holders of the Redeemable Preference Shares. The 'B' redeemable preference shares are due to be redeemed on 31 December 2017. The price at which the 'B' Redeemable Preference Shares are to be redeemed will be £1 per share.

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

9 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016	2015
	£	£
	339,008	474,611

10 Related party transactions

As at the balance sheet date the company was owed £415,000 (2015: £880,000) by Belgravia Homes Limited and £1,250,000 (2015: £nil) from Primiter Limited, companies in which AB Group Limited has an interest. These loans bear no interest and are repayable on demand.

11 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliation of equity

	Notes	1 July 2014 £	31 December 2015 £
Equity as reported under previous UK GAAP		3,412,013	3,289,246
Adjustments arising from transition to FRS 102:			
Fair value of listed investments	a)	-	1,196,058
Deferred tax on above fair value gain	a)	-	(210,746)
Equity reported under FRS 102		3,412,013	4,274,558

AB GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

11 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of (loss)/profit for the financial period

	Notes	2015 £
Loss as reported under previous UK GAAP		(122,767)
Adjustments arising from transition to FRS 102:		
Fair value of listed investments	a)	1,196,058
Deferred tax on above fair value gain	a)	(210,746)
Profit reported under FRS 102		<u>862,545</u>

Notes to reconciliations on adoption of FRS 102

a) Fair value of listed investments

Under old UK GAAP there was no requirement to hold fixed asset investments at fair value where a reliable fair value was readily available. Under FRS 102 such investments must be held at their fair value with gains and losses being recognised through profit and loss.

Additionally, deferred tax will be recognised under FRS102 on the above temporary differences.