

# Abacus Direct Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2009

Registration number 4331572

SATURDAY



\*A4CL0NPN\*

A09

25/09/2010

258

COMPANIES HOUSE

## **Abacus Direct Limited**

### **Contents**

Company Information .....	1
Directors' report .....	2 to 4
Independent auditors' report .....	5
Profit and loss account .....	6
Balance sheet .....	7
Cash flow statement .....	8
Notes to the financial statements .....	9 to 22

The following pages do not form part of the statutory financial statements

Detailed profit and loss account .....	23 to 26
--	----------

**Abacus Direct Limited**  
**Company Information**

<b>Directors</b>	S P Bradbury I D Pattison
<b>Registered office</b>	Abacus House Jubilee Court Copgrove Harrogate HG3 3TB
<b>Auditors</b>	RSM Tenon Audit Limited Statutory Auditor 2 Wellington Place Leeds LS1 4AP

## **Abacus Direct Limited**

### **Directors' Report for the Year Ended 31 December 2009**

The directors present their report and the audited financial statements for the year ended 31 December 2009

#### **Statement of Directors' responsibilities**

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 the directors have 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 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, directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a 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 to enable them to ensure 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.

#### **Disclosure of information to auditors**

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Principal activity**

The principal activity of the company is distributor and manufacturer of bathrooms.

#### **Business review**

##### ***Fair review of the business***

The results for the period and the financial position of the company are as shown in the annexed financial statements. The summary key performance indicators are set out below, these being turnover and gross profit margin.

The directors consider that the results of the company fairly reflect the effects of the widespread recessionary conditions which have prevailed during the period. Overall however, the directors are satisfied with the result and feel the business has reacted well to the extremely unfavourable economic conditions.

The directors are confident that the company will continue to adapt to maintain its position in the market and believe that the changes that the company has made will leave it well positioned in the event of an upturn in the economic environment.

**Abacus Direct Limited**  
**Directors' Report for the Year Ended 31 December 2009**

*continued*

***Development and performance of the business***

	<b>Year ended 31 December 2009</b>	<b>1 August 2007 to 31 December 2008</b>
Turnover	£7,617,995	£14,552,386
Turnover growth	(48)%	43%
Gross profit margin	28%	26%
Profit before tax	£59,621	(£94,705)

***Position of the business***

At the end of the year, the net assets totalled £1,187,864

**Financial risk**

***Price risk, credit risk, liquidity risk and cash flow risk***

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates

The business' principal financial instruments comprise bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from the directors and from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

The business is a lessee in respect of finance leased assets. The liquidity risk in respect of these is managed by ensuring that there are sufficient funds to meet the payments.

**Results and dividend**

The results for the company are set out in the financial statements.

An interim ordinary dividend of £8,664 was paid during the year.

**Directors**

The directors who held office during the year were as follows:

- S P Bradbury
- I D Pattison

**Abacus Direct Limited**

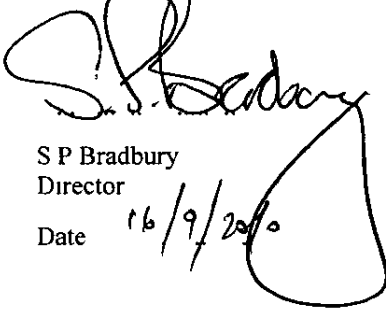
**Directors' Report for the Year Ended 31 December 2009**

*continued*


**Auditors**

The audit business of RSM Bentley Jennison, who had previously been appointed as the company's auditors has merged with that of RSM Tenon Audit Limited who succeeded to the office of auditors to the company. The audit report on the financial statements has therefore been issued by the successor firm, RSM Tenon Audit Limited.

Approved by the Board and signed on its behalf by



S P Bradbury  
Director  
Date 16/9/2010



I D Pattison  
Director  
Date 16/9/2010

## **Independent Auditors' Report to the Members of Abacus Direct Limited (Registration number: 4331572)**

We have audited the financial statements of Abacus Direct Limited for the year ended 31 December 2009, set out on pages 6 to 22. 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 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 2, 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 profit 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 matters 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.

*RSM Tenon Audit Ltd*

Richard Bright  
Senior Statutory Auditor

for and on behalf of  
RSM Tenon Audit Limited  
Statutory Auditor

Date *22 September 2010*

2 Wellington Place  
Leeds  
LS1 4AP

**Abacus Direct Limited**  
**Profit and Loss Account for the Year Ended 31 December 2009**

	Note	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Turnover	2	7,617,995	14,552,386
Cost of sales		(5,496,119)	(10,732,509)
<b>Gross profit</b>		<u>2,121,876</u>	<u>3,819,877</u>
Administrative expenses		(2,022,952)	(3,776,085)
<b>Operating profit</b>	3	<u>98,924</u>	<u>43,792</u>
Other interest receivable and similar income		526	557
Interest payable and similar charges	6	(39,829)	(139,054)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>59,621</u>	<u>(94,705)</u>
Tax on profit/(loss) on ordinary activities	7	(30,490)	12,854
<b>Profit/(loss) for the financial year</b>	17	<u><u>29,131</u></u>	<u><u>(81,851)</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

The notes on pages 9 to 22 form an integral part of these financial statements




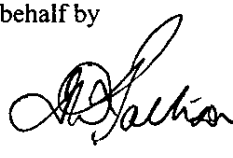
**Abacus Direct Limited (Registration number: 4331572)**

**Balance Sheet as at 31 December 2009**

		31 December 2009		31 December 2008	
	Note	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		-		-
Tangible assets	10		<u>359,292</u>		<u>397,348</u>
			359,292		397,348
<b>Current assets</b>					
Stocks	11	1,041,518		1,449,785	
Debtors	12	1,322,995		1,769,888	
Cash at bank and in hand		-		15,704	
		<u>2,364,513</u>		<u>3,235,377</u>	
<b>Creditors: Amounts falling due within one year</b>	13	<u>(1,368,612)</u>		<u>(2,270,680)</u>	
<b>Net current assets</b>			<u>995,901</u>		<u>964,697</u>
<b>Total assets less current liabilities</b>			1,355,193		1,362,045
<b>Creditors: Amounts falling due after more than one year</b>	14		<u>(167,329)</u>		<u>(203,015)</u>
<b>Net assets</b>			<u><u>1,187,864</u></u>		<u><u>1,159,030</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		1,074		1,023
Share premium reserve	17		8,316		-
Profit and loss reserve	17		<u>1,178,474</u>		<u>1,158,007</u>
<b>Shareholders' funds</b>	18		<u><u>1,187,864</u></u>		<u><u>1,159,030</u></u>

Approved by the Board on 16/9/2010 and signed on its behalf by

  
S P Bradbury  
Director

  
I D Pattison  
Director

The notes on pages 9 to 22 form an integral part of these financial statements

# Abacus Direct Limited

## Cash Flow Statement for the Year Ended 31 December 2009

		Year ended 31 December 2009		1 August 2007 to 31 December 2008	
	Note	£	£	£	£
Net cash flow from operating activities	21		856,634		918,134
Returns on investment and servicing of finance	22		(39,303)		(138,497)
Taxation	22		(105,406)		(195,821)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(181,993)		(492,761)	
Sale of tangible fixed assets		20,500		-	
			(161,493)		(492,761)
Equity dividends paid			(8,664)		-
<b>Cash inflow before management of liquid resources and financing</b>			541,768		91,055
Financing	22		(565,823)		(77,834)
<b>Net cash flow</b>			<u>(24,055)</u>		<u>13,221</u>

### Reconciliation of net cash flow to movement in net debt

		Year ended 31 December 2009	1 August 2007 to 31 December 2008
	Note	£	£
(Decrease)/increase in cash in the year	23	(24,055)	13,221
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		574,190	(130,154)
Change in net funds resulting from cash flows		550,135	(116,933)
New hire purchase agreements		-	(99,840)
Movement in net funds/(debt) in the year		550,135	(216,773)
Net debt at the start of the year	23	(1,445,689)	(1,228,916)
<b>Net debt at the end of the year</b>	23	<u>(895,554)</u>	<u>(1,445,689)</u>

The notes on pages 9 to 22 form an integral part of these financial statements

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2009**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are set out below.

##### **Turnover**

Turnover represents the value of goods and services supplied to customers during the year.

##### **Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	over 20 years
----------	---------------

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Leasehold improvements	over 5 and 10 years
Plant & machinery	over 2, 3, 4 and 5 years

##### **Goodwill**

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

##### **Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

##### **Deferred taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

##### **Foreign currencies**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

#### Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

#### Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

## 2 Turnover

An analysis of turnover by segment is given below

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Sales	7,617,995	14,452,386
Contract supply and installation	-	100,000
	<u>7,617,995</u>	<u>14,552,386</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 3 Operating profit

Operating profit is stated after charging/(crediting)

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Hire of plant and machinery - operating leases	3,379	7,986
Hire of other assets - operating leases	271,652	314,997
The audit of the company's annual accounts	8,000	7,200
Foreign currency losses	8,298	-
Profit on disposal of tangible fixed assets	(3,331)	-
Depreciation of owned assets	171,632	767,292
Depreciation of assets held under finance leases and hire purchase contracts	31,248	89,112

### 4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Year ended 31 December 2009 No.	1 August 2007 to 31 December 2008 No.
Administration	9	9
Storage and distribution	11	8
Sales and design	17	25
	<u>37</u>	<u>42</u>

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Wages and salaries	908,405	1,502,287
Social security	98,092	161,679
Other pension costs	2,431	3,422
	<u>1,008,928</u>	<u>1,667,388</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 5 Directors' remuneration

The directors' remuneration for the year are as follows

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Directors' remuneration (including benefits in kind)	<u>103,769</u>	<u>172,533</u>

### 6 Interest payable and similar charges

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Bank interest payable	28,235	103,755
Bank loan interest payable	6,899	25,684
Other interest payable	311	-
Hire purchase interest	4,384	9,615
	<u>39,829</u>	<u>139,054</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 7 Taxation

#### Analysis of current period tax charge/(credit)

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
<b>Current tax</b>		
Corporation tax charge	<u>5,671</u>	<u>105,406</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>24,819</u>	<u>(118,260)</u>
<b>Total tax on profit/(loss) on ordinary activities</b>	<u><u>30,490</u></u>	<u><u>(12,854)</u></u>

#### Factors affecting current period tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (1 August 2007 to 31 December 2008 - higher than) the standard rate of corporation tax in the UK of 21.00% (1 August 2007 to 31 December 2008 - 28.94%)

The differences are reconciled below

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Profit/(loss) on ordinary activities before taxation	<u>59,621</u>	<u>(94,705)</u>
Standard rate corporation tax charge/(credit)	12,520	(27,408)
Expenses not deductible for tax purposes	412	25,291
Accelerated capital allowances	(18,614)	118,260
Other adjustments	<u>11,353</u>	<u>(10,737)</u>
Total current tax for the year	<u><u>5,671</u></u>	<u><u>105,406</u></u>

### 8 Dividends

	31 December 2009 £	31 December 2008 £
<b>Paid</b>		
Ordinary dividend paid - Current period interim dividend	<u>8,664</u>	<u>-</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
As at 1 January 2009 and 31 December 2009	<u>120,000</u>
<b>Amortisation</b>	
As at 1 January 2009 and 31 December 2009	<u>120,000</u>
<b>Net book value</b>	
As at 31 December 2009	<u>-</u>
As at 31 December 2008	<u>-</u>

### 10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
As at 1 January 2009	366,104	1,552,422	1,918,526
Additions	49,809	132,184	181,993
Disposals	-	(462,104)	(462,104)
As at 31 December 2009	<u>415,913</u>	<u>1,222,502</u>	<u>1,638,415</u>
<b>Depreciation</b>			
As at 1 January 2009	192,172	1,329,006	1,521,178
Eliminated on disposals	-	(444,935)	(444,935)
Charge for the year	41,851	161,029	202,880
As at 31 December 2009	<u>234,023</u>	<u>1,045,100</u>	<u>1,279,123</u>
<b>Net book value</b>			
As at 31 December 2009	<u>181,890</u>	<u>177,402</u>	<u>359,292</u>
As at 31 December 2008	<u>173,932</u>	<u>223,416</u>	<u>397,348</u>

#### Hire purchase agreements

Included within the total net book value of tangible fixed assets is £65,291 (31 December 2008 - £132,536) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £31,248 (31 December 2008 - £89,112).



# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 11 Stocks

	31 December 2009 £	31 December 2008 £
Finished goods and goods for resale	<u>1,041,518</u>	<u>1,449,785</u>

### 12 Debtors

	31 December 2009 £	31 December 2008 £
Trade debtors	1,209,201	1,625,686
Deferred tax	87,966	112,785
Prepayments and accrued income	25,828	31,417
	<u>1,322,995</u>	<u>1,769,888</u>

Also included within debtors are amounts due after one year of £87,966 (2008 112,785) being a deferred asset - see note below

#### Deferred tax

Deferred tax is provided at 28.00% (31 December 2008 - 28.00%)

	31 December 2009 £	31 December 2008 £
Origination and reversal of timing differences	<u>87,966</u>	<u>112,785</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 13 Creditors: Amounts falling due within one year

	31 December 2009	31 December 2008
	£	£
Bank loans and overdrafts	8,351	79,921
Invoice financing	688,454	1,125,443
Obligations under finance leases and hire purchase contracts	31,420	53,014
Trade creditors	440,636	605,290
Corporation tax	5,671	105,406
Taxation and social security	85,921	177,675
Director current accounts	15,496	-
Accruals and deferred income	92,663	123,931
	<u>1,368,612</u>	<u>2,270,680</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	31 December 2009	31 December 2008
	£	£
Invoice financing	688,454	1,125,443
Obligations under finance lease and hire purchase contracts	31,420	53,014
Bank loans and overdrafts	8,351	79,921
	<u>728,225</u>	<u>1,258,378</u>

The invoice financing facility is secured by a debenture and a fixed charge on book debts

### 14 Creditors: Amounts falling due after more than one year

	31 December 2009	31 December 2008
	£	£
Bank loans and overdrafts	155,522	155,436
Obligations under finance leases and hire purchase contracts	11,807	47,579
	<u>167,329</u>	<u>203,015</u>

The net obligations under finance lease and hire purchase contracts are secured by a fixed charge over the assets concerned The bank loan is secured by a debenture

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 15 Maturity of borrowings

Amounts repayable

	Bank loans and overdrafts £	Invoice financing £	Obligations under finance leases and HP contracts £	Directors loan accounts £	Total £
<b>As at 31 December 2009</b>					
In one year or less on demand	8,351	688,454	31,420	15,496	743,721
Between one and two years	155,522	-	-	-	155,522
Between two and five years	-	-	11,807	-	11,807
	<u>163,873</u>	<u>688,454</u>	<u>43,227</u>	<u>15,496</u>	<u>911,050</u>
<b>As at 31 December 2008</b>					
In one year or less on demand	79,921	1,125,443	53,014	-	1,258,378
Between one and two years	155,436	-	-	-	155,436
Between two and five years	-	-	47,579	-	47,579
	<u>235,357</u>	<u>1,125,443</u>	<u>100,593</u>	<u>-</u>	<u>1,461,393</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 16 Share capital

	31 December 2009 £	31 December 2008 £
<b>Authorised</b>		
<b>Equity</b>		
10,000 Ordinary A shares of £1 each	10,000	10,000
23 Ordinary B shares of £1 each	23	23
51 (31 December 2008 - 0) Ordinary C shares of £1 each	51	-
	<u>10,074</u>	<u>10,023</u>

### Allotted, called up and fully paid

<b>Equity</b>		
1,000 Ordinary A shares of £1 each	1,000	1,000
23 Ordinary B shares of £1 each	23	23
51 (31 December 2008 - 0) Ordinary C shares of £1 each	51	-
	<u>1,074</u>	<u>1,023</u>

On the 24th August 2009, 51 £1 ordinary "C" shares were issued. The amount paid for each share was £164.06

### 17 Reserves

	Share premium reserve £	Profit and loss reserve £	Total £
Balance at 1 January 2009	-	1,158,007	1,158,007
Premium on issue of shares	8,316	-	8,316
Transfer from profit and loss account for the year	-	29,131	29,131
Dividends	-	(8,664)	(8,664)
Balance at 31 December 2009	<u>8,316</u>	<u>1,178,474</u>	<u>1,186,790</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 18 Reconciliation of movements in shareholders' funds

	31 December 2009 £	31 December 2008 £
Profit/(loss) attributable to members of the company	29,131	(81,851)
Dividends	(8,664)	-
	<u>20,467</u>	<u>(81,851)</u>
New share capital subscribed	8,367	23
Net addition/(reduction) to shareholders' funds	<u>28,834</u>	<u>(81,828)</u>
Opening shareholders' funds	1,159,030	1,240,858
Closing shareholders' funds	<u>1,187,864</u>	<u>1,159,030</u>

### 19 Operating lease commitments

As at 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and Buildings		Other	
	31 December 2009 £	31 December 2008 £	31 December 2009 £	31 December 2008 £
Within one year	-	-	17,411	6,450
Within two to five years	-	-	15,786	15,036
Over five years	241,000	241,000	-	-
	<u>241,000</u>	<u>241,000</u>	<u>33,197</u>	<u>21,486</u>

### 20 Pension scheme

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £2,431 (31 December 2008 - £3,422).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 21 Reconciliation of operating profit to operating cash flows

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
Operating profit	98,924	43,792
Depreciation, amortisation and impairment charges	202,880	856,404
Profit on disposal of fixed assets	(3,331)	-
Decrease in stocks	408,267	124,016
Decrease in debtors	422,074	450,084
Decrease in creditors	(272,180)	(556,162)
<b>Net cash inflow from operating activities</b>	<b>856,634</b>	<b>918,134</b>

### 22 Analysis of cash flows

	Year ended 31 December 2009 £	1 August 2007 to 31 December 2008 £
<b>Returns on investment and servicing of finance</b>		
HP interest paid	(4,384)	(9,615)
Other interest paid	(35,445)	(129,439)
Interest received	526	557
	<b>(39,303)</b>	<b>(138,497)</b>
<b>Taxation</b>		
Taxation paid	<b>(105,406)</b>	<b>(195,821)</b>
<b>Financing</b>		
Increase in loans and borrowings	-	200,000
Repayment of loans and borrowings	(516,824)	(209,458)
Issue of equity shares	8,367	23
Capital element of hire purchase payments	(57,366)	(68,399)
	<b>(565,823)</b>	<b>(77,834)</b>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 23 Analysis of net debt

	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand	15,704	(15,704)	-
Bank overdraft	-	(8,351)	(8,351)
Cash and bank net funds	<u>15,704</u>	<u>(24,055)</u>	<u>(8,351)</u>
Debt due within one year	(79,921)	79,921	-
Debt due after one year	(155,436)	(86)	(155,522)
Finance leases	(100,593)	57,366	(43,227)
Invoice financing	<u>(1,125,443)</u>	<u>436,989</u>	<u>(688,454)</u>
Change in debt	<u>(1,461,393)</u>	<u>574,190</u>	<u>(887,203)</u>
<b>Net debt</b>	<u><u>(1,445,689)</u></u>	<u><u>550,135</u></u>	<u><u>(895,554)</u></u>

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

#### 24 Related parties

##### Controlling entity

The company is controlled by the directors who own 95.25% of the called up share capital

##### Related party transactions

During the period the company made sales to and purchases from Design Modules Limited (DML), an associated company under the control of S P Bradbury and I D Pattison

The amount of sales and purchases made were £38,223 (2008 - £106,397) and £50,848 (2008 - £1,067,487) respectively. Purchases included capital expenditure to leasehold property and displays

At the balance sheet date, trade debtors include £5,394 (2008 - £20,420) and trade creditors £30,997 (2008 - £56,018) in respect of DML

During the period the company paid rents for property under formal leases to S P Bradbury and I D Pattison (the directors) amounting to £268,000 (2008 - £303,917)

During the year S P Bradbury purchased goods from the company totalling £8,592 (2008 nil). At the year end trade creditors included a balance of £11 (2008 nil)

All transactions with related parties are undertaken on proper commercial terms

##### Directors' loan accounts

The following balances owed to the directors were outstanding at the year end

	31 December 2009 £	31 December 2008 £
I Pattison	6,591	-
S Bradbury	8,905	-
	<u>15,496</u>	<u>-</u>

No interest is charged in respect of these balances