

Registration number: 04331572

# Abacus Direct Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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COMPANIES HOUSE

Murray Harcourt Limited  
Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW

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

<b>Directors</b>	I Pattison S P Bradbury
<b>Registered office</b>	Abacus House Jubilee Court Copgrove Harrogate North Yorkshire HG3 3TB
<b>Auditors</b>	Murray Harcourt Limited Elizabeth House 13-19 Queen Street Leeds LS1 2TW

**Abacus Direct Limited**  
**Strategic Report for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

**Business review**

***Fair review of the business***

The principal activity of the business is manufacture and specialist distribution of bathrooms and bathroom equipment.

Trading conditions improved during the period, with growth continuing to come from key customers and diversification.

The construction and own label markets continued to show signs of improvement in 2014 resulting in an increase in operating profit to £1,043,942 (2013: £827,806). The business continues to invest in technology to improve manufacturing processes and increase efficiency with a view to grow revenue as well as profit in the coming year. The company's strategic alliance with a number of its key customers continues to positively impact the company's results.

***Principal risks and uncertainties***

The principal risks identified are Credit Risk and Liquidity Risk.

Approved by the Board on .....<sup>4/8/15</sup>..... and signed on its behalf by:



.....  
I Pattison  
Director

**Abacus Direct Limited**  
**Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

**Directors of the company**

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

I Pattison

S P Bradbury

**Financial instruments**

***Objectives and policies***

The business' principal financial instruments comprise investments, bank balances, trade debtors, trade creditors, loans, overdrafts, confidential invoice discounting and finance leases. The main purpose of these instruments is to finance the business' operations.

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

Credit risk arises from customers failing to meet their obligation under contracts of sale to pay. In order to minimise this risk, deferred terms are only granted to those customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk arises from the difficulties the group may face in meeting obligations under financial liabilities as they fall due. The group mitigates liquidity risk by long, medium and short term forecasts, applying cash collection targets throughout the group and utilisation of full trading terms with its suppliers.

**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 4/8/15 and signed on its behalf by:



I Pattison  
Director

## **Abacus Direct Limited**

### **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, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Abacus Direct Limited**

We have audited the financial statements of Abacus Direct Limited for the year ended 31 December 2014, set out on pages 7 to 19. 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on the 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 2014 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 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.

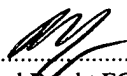
**Independent Auditor's Report to the Members of  
Abacus Direct Limited**

*..... continued*

**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.

  
.....  
Richard Bright FCA (Senior Statutory Auditor)  
For and on behalf of Murray Harcourt Limited, Statutory Auditor

Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW

Date: 5/8/15



**Abacus Direct Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £	2013 £
Turnover		9,838,854	8,649,435
Cost of sales		<u>(6,285,895)</u>	<u>(5,628,854)</u>
Gross profit		3,552,959	3,020,581
Administrative expenses		<u>(2,509,017)</u>	<u>(2,192,775)</u>
Operating profit	2	<u>1,043,942</u>	<u>827,806</u>
Profit on ordinary activities before taxation		1,043,942	827,806
Tax on profit on ordinary activities	5	<u>(254,026)</u>	<u>(177,240)</u>
Profit for the financial year	14	<u><u>789,916</u></u>	<u><u>650,566</u></u>

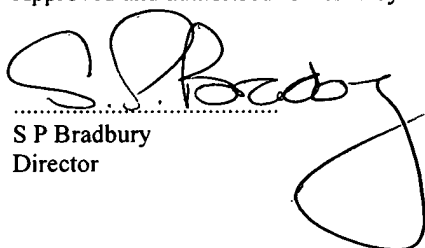
Turnover and operating profit derive wholly from continuing operations.

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

**Abacus Direct Limited**  
**(Registration number: 04331572)**  
**Balance Sheet at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	7	<u>970,345</u>	<u>801,685</u>
<b>Current assets</b>			
Stocks	8	2,068,078	1,869,272
Debtors	9	2,952,383	2,974,379
Cash at bank and in hand		<u>128,239</u>	<u>140,405</u>
		5,148,700	4,984,056
Creditors: Amounts falling due within one year	10	<u>(2,785,878)</u>	<u>(3,218,656)</u>
Net current assets		<u>2,362,822</u>	<u>1,765,400</u>
Total assets less current liabilities		3,333,167	2,567,085
Provisions for liabilities	11	<u>(43,666)</u>	<u>-</u>
Net assets		<u><u>3,289,501</u></u>	<u><u>2,567,085</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1,040	1,040
Share premium account	14	8,316	8,316
Capital redemption reserve	14	34	34
Profit and loss account	14	<u>3,280,111</u>	<u>2,557,695</u>
Shareholders' funds	15	<u><u>3,289,501</u></u>	<u><u>2,567,085</u></u>

Approved and authorised for issue by the Board on 4/8/15 and signed on its behalf by:

  
.....  
S P Bradbury  
Director

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

#### **1 Accounting policies**

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

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective of April 2008).

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax and discounts, in respect of the sale of goods and services to customers less returns received. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

##### **Goodwill**

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of the asset as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	over 20 years

##### **Depreciation**

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	5 to 10 years or life of lease which ever shorter
Plant and machinery	2 to 5 years

##### **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 tax**

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.

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### Hire purchase and leasing

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

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 2 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Operating leases - other assets	78,259	58,617
Auditor's remuneration - The audit of the company's annual accounts	14,300	11,800
Foreign currency losses	6,196	11,665
Loss on sale of tangible fixed assets	2,155	-
Depreciation of owned assets	<u>162,452</u>	<u>188,843</u>

## 3 Particulars of employees

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

**Abacus Direct Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2014**

..... *continued*

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Administration and support	5	12
Production	21	18
Sales	12	8
Distribution	16	11
Other departments	7	5
	<u>61</u>	<u>54</u>

The aggregate payroll costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,617,581	1,239,706
Social security costs	138,542	120,953
Staff pensions	1,231	1,553
	<u>1,757,354</u>	<u>1,362,212</u>

**4 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration (including benefits in kind)	<u>4,599</u>	<u>12,525</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 5 Taxation

#### Tax on profit on ordinary activities

	2014 £	2013 £
<b>Current tax</b>		
Corporation tax charge	201,348	138,239
Adjustments in respect of previous years	1,983	(10,697)
UK Corporation tax	203,331	127,542
<b>Deferred tax</b>		
Origination and reversal of timing differences	19,035	49,698
Deferred tax adjustment relating to previous years	31,660	-
Total deferred tax	50,695	49,698
Total tax on profit on ordinary activities	254,026	177,240

#### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 23.25%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	1,043,942	827,806
Corporation tax at standard rate	208,788	192,436
Capital allowances in excess of depreciation	(19,023)	(35,629)
Marginal relief	13,987	(1,882)
Disallowable expenditure	(1,995)	2,991
Adjustment to prior year	1,983	(10,697)
R&D tax credit	-	(13,740)
Other tax adjustments	(409)	(5,937)
Total current tax	203,331	127,542

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 6 Intangible fixed assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 January 2014	120,000	120,000
At 31 December 2014	120,000	120,000
<b>Amortisation</b>		
At 1 January 2014	120,000	120,000
At 31 December 2014	120,000	120,000
<b>Net book value</b>		
At 31 December 2014	-	-
At 31 December 2013	-	-

### 7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2014	1,049,436	464,555	1,513,991
Additions	247,466	89,801	337,267
Disposals	-	(22,000)	(22,000)
At 31 December 2014	1,296,902	532,356	1,829,258
<b>Depreciation</b>			
At 1 January 2014	497,087	215,219	712,306
Charge for the year	72,559	89,893	162,452
Eliminated on disposals	-	(15,845)	(15,845)
At 31 December 2014	569,646	289,267	858,913
<b>Net book value</b>			
At 31 December 2014	727,256	243,089	970,345
At 31 December 2013	552,349	249,336	801,685

# **Abacus Direct Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2014**

..... *continued*

### **8 Stocks**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Stocks	<u>2,068,078</u>	<u>1,869,272</u>

### **9 Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,075,462	2,044,998
Amounts owed by group undertakings	446,763	45,000
Other debtors	105,301	136,878
Deferred tax	-	7,029
Directors' current accounts	323,685	429,266
Prepayments and accrued income	<u>1,172</u>	<u>311,208</u>
	<u>2,952,383</u>	<u>2,974,379</u>

Debtors includes £108,068 (2013 - £127,276) receivable after more than one year.

This can be analysed as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	50,000	45,000
Other debtors	<u>58,068</u>	<u>82,276</u>
	<u>108,068</u>	<u>127,276</u>



# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

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

	2014 £	2013 £
Trade creditors	702,367	783,335
Bank loans and overdrafts	207,105	570,999
Obligations under finance lease and hire purchase contracts	-	2,327
Amounts owed to group undertakings	20,732	-
Corporation tax	190,599	127,542
Other taxes and social security	213,321	169,615
Other creditors	1,050,845	1,260,027
Accruals and deferred income	400,909	304,811
	<u>2,785,878</u>	<u>3,218,656</u>

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

	2014 £	2013 £
Bank loan and overdraft	207,105	570,999
Invoice financing loan	<u>1,050,845</u>	<u>1,259,576</u>
	<u>1,257,950</u>	<u>1,830,575</u>

Secured by way of a debenture including fixed charge over all freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

### Obligations under finance leases and HP contracts

#### Amounts repayable:

	2014 £	2013 £
In one year or less on demand	<u>-</u>	<u>2,327</u>

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 11 Provisions

	Deferred tax £	Total £
At 1 January 2014	(7,029)	(7,029)
Charged to the profit and loss account	50,695	50,695
At 31 December 2014	<u>43,666</u>	<u>43,666</u>

#### Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>43,666</u>	<u>7,029</u>

### 12 Share capital

#### Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary A of £1 each	1,000	1,000	1,000	1,000
Ordinary B of £1 each	23	23	23	23
Ordinary C of £1 each	17	17	17	17
	<u>1,040</u>	<u>1,040</u>	<u>1,040</u>	<u>1,040</u>

### 13 Dividends

	2014 £	2013 £
<b>Dividends paid</b>		
Current year interim dividend paid	<u>67,500</u>	<u>10,000</u>

## Abacus Direct Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 14 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2014	8,316	34	2,557,695	2,566,045
Profit for the year	-	-	789,916	789,916
Dividends	-	-	(67,500)	(67,500)
At 31 December 2014	<u>8,316</u>	<u>34</u>	<u>3,280,111</u>	<u>3,288,461</u>

#### 15 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	789,916	650,566
Dividends	(67,500)	(10,000)
Purchase of own share capital	-	(17)
Net addition to shareholders' funds	<u>722,416</u>	<u>640,549</u>
Shareholders' funds at 1 January	<u>2,567,085</u>	<u>1,926,536</u>
Shareholders' funds at 31 December	<u>3,289,501</u>	<u>2,567,085</u>

#### 16 Pension schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,231 (2013 - £1,553).

#### 17 Contingent liabilities

The company has entered into an unlimited multilateral guarantee with HSBC Bank plc dated 6 August 2010 in favour of Design Modules Limited in respect of secured bank loans. The amount guaranteed is £nil (2013 - £226,083).

# Abacus Direct Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

### 18 Commitments

#### Operating lease commitments

As at 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £	2013 £
<b>Other</b>		
Within one year	10,315	-
Within two and five years	32,616	28,980
	<u>42,931</u>	<u>28,980</u>

### 19 Related party transactions

#### Directors' advances and credits

	2014 Advance/ Credit £	2014 Repaid £	2013 Advance/ Credit £	2013 Repaid £
<b>I Pattison</b>				
Interest free loan	<u>161,776</u>	<u>-</u>	<u>221,114</u>	<u>221,114</u>
<b>S P Bradbury</b>				
Interest free loan	<u>161,909</u>	<u>-</u>	<u>208,152</u>	<u>208,152</u>

#### Other related party transactions

During the year the company made the following related party transactions:

##### **BDL Marketing Limited**

(A company under common control)

During the year the company made sales and incurred costs of £nil and £15,662 (2013 - £300 and £14,787) respectively. At the balance sheet date the amount due to BDL Marketing Limited was £1,519 (2013 - £nil).

##### **Mr S P Bradbury and Mr I D Pattison**

(Directors of the company)

During the year the company incurred costs in relation to rent of £26,400 (2013 - £22,000). The company also made recharges of £5,966 (2013 - £6,566).

Included within other debtors are amounts due from Mr S P Bradbury of £161,909 (2013 - £208,152) and amounts due from Mr I D Pattison of £161,776 (2013 - £221,114). At the balance sheet date the amount due from Mr S P Bradbury and Mr I D Pattison was £323,685 (2013 - £429,266).

## **Abacus Direct Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

*..... continued*

#### **Pattison and partners**

(A business controlled by a director's father)

During the year the company paid consultancy fees of £nil (2013 - £4,800). At the balance sheet date the amount due to Pattison and partners was £nil (2013 - £nil).

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

#### **20 Control**

The company is controlled by Abacus Direct Manufacturing Group Limited. Copies of parent company's group accounts are available at Companies House, Crown Way, Cardiff. The ultimate controlling party is Mr I D Pattison and Mr S P Bradbury.