

**ABK GROUP FINANCE LIMITED**

**FINANCIAL STATEMENTS**

**28 FEBRUARY 2010**

**Company number: 04370674**

ALEXANDER & CO  
Chartered Accountants



**ABK GROUP FINANCE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2010**

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The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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**ABK GROUP FINANCE LIMITED**

**COMPANY INFORMATION**

**28 FEBRUARY 2010**

Number	04370674
Directors	C O'Brien (appointed 09/09/09) HPO Nominees Limited
Secretary	Maro Developments Limited
Registered Office	Metropolitan House Station Road Cheadle Hulme Cheshire SK8 7AZ
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Auditors	Alexander & Co 17 St Ann's Square Manchester M2 7PW

## **ABK GROUP FINANCE LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 28 FEBRUARY 2010**

The directors submit their report and audited financial statements for the year ended 28 February 2010

#### **Principal activity and review of the business**

The principal activity of the company is that of the sale and leaseback of equipment to the educational sector including the provision of the related maintenance and finance agreement

The directors regards the results for the period as satisfactory

#### **Results and dividends**

The results for the year are shown in the profit and loss account on page 7

No dividend was paid during the year ended 28 February 2010 (2009 - £nil) The balance of the profit for the year is to be transferred to reserves

#### **Business performance**

The directors are satisfied with the performance of the business in the period

#### **Principal risks and uncertainties**

The principal risks and uncertainties of the company are the same as those of the sale and leaseback of equipment market within the educational sector The directors maintain a careful review of all the changes in order to minimise the impact of any uncertainties within the market

#### **Directors**

The directors who served during the period are as stated below

HPO Nominees Limited

C O'Brien (appointed 09/09/09)

The current director C O'Brien entered into an indemnity agreement on the 15 September 2009, indemnifying him against liabilities arising from the actions of his predecessors

A full copy of the indemnity agreement is available at the company's registered office

**ABK GROUP FINANCE LIMITED**

**DIRECTORS' REPORT (CONT...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**Auditors**

A resolution to re-appoint Alexander & Co as auditors will be put to the members at the Annual General Meeting.

By order of the Board



C O'Brien  
Director

Date 23/8/10

## **ABK GROUP FINANCE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP)

We are required under company law to prepare financial statements for each financial year which 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 year. In preparing those financial statements we are required to

- select suitable accounting policies and apply them consistently,
- make reasonable and prudent judgements and estimates,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

We are also responsible for

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and that enable us to ensure that the financial statements comply with the Companies Act 2006,
- safeguarding the company's assets,
- taking reasonable steps for the prevention and detection of fraud,
- the maintenance and integrity of the corporate and financial information included on the company's website

In the case of each of the persons who are directors at the time when the report is approved, the following applies:-

- so far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware,
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of the information

By order of the Board



C O'Brien  
Director

Date

23/8/10

**ABK GROUP FINANCE LIMITED  
INDEPENDENT AUDITORS' REPORT**

**Independent auditors' report to the members of  
ABK Group Finance Limited**

We have audited the financial statements of ABK Group Finance Limited for the year ended 28 February 2010 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of 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 Ethical Standards for Auditors.

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

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because we were unable to confirm the amounts due to trade creditors of £1,823,292, which include amounts due to finance creditors of £1,753,524 due to historic poor maintenance of the accounting records for finance creditors.

Further, the evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the company has not prepared any profit or cash flow projections for an appropriate period subsequent to the balance sheet date. As a result of this we have been unable to obtain sufficient audit evidence concerning creditors, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the applicability of the going concern basis, the circumstances of which, together with the effect on the financial statements should this basis be inappropriate, are set out in note 2 to the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**ABK GROUP FINANCE LIMITED  
INDEPENDENT AUDITORS' REPORT (CONT...)**

**Independent auditors' report to the members of  
ABK Group Finance Limited**

**Continued.....**

**Opinion: disclaimer on view given by the financial statements**

Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2010 and of its profit for the year then ended, and
- have been properly prepared in accordance with 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**

In respect solely of the limitation of our work referred to above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us,

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

- the company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made.

*Alexander & Co*

Francis Atkinson, Senior Statutory Auditor  
for and on behalf of  
Alexander & Co,  
Chartered Accountants and Statutory Auditors  
17 St Ann's Square  
Manchester  
M2 7PW

*23 August 2010*

**ABK GROUP FINANCE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

	Note	2010 £	Continuing operations 2009 £	Discontinued 2009 £	Total 2009 £
<b>Turnover</b>	3	256,020	517,721	3,247,936	3,765,657
Cost of sales		13,473	(310,630)	(1,948,743)	(2,259,373)
<b>Gross Profit</b>		269,493	207,091	1,299,193	1,506,284
Administrative expenses		(259,537)	(159,048)	(997,792)	(1,156,840)
Other operating income	4	90,349	60,364	-	60,364
<b>Operating profit</b>		100,305	108,407	301,401	409,808
Other interest receivable and similar income	7	65			705
Interest payable and similar charges	8	-			(12,406)
<b>Profit on ordinary activities before taxation</b>		100,370			398,107
Taxation	11	-			-
<b>Profit on ordinary activities after taxation</b>		100,370			398,107

Movements in reserves are shown in note 17

There are no recognised gains and losses in the above periods other than the profit for the periods.

The notes on pages 9 to 17 form part of these accounts

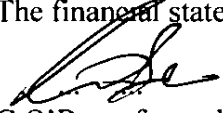
**ABK GROUP FINANCE LIMITED**

**BALANCE SHEET**

**AS AT 28 FEBRUARY 2010**

	Note	2010		2009	
		£	£	£	£
<b>Current assets</b>					
Debtors	12	69,800		80,251	
Cash at bank and in hand		45,835		18,004	
		-----		-----	
		115,635		98,255	
<b>Creditors - amounts falling due within one year</b>	13	(1,899,470)		(1,972,460)	
		-----		-----	
<b>Net current liabilities</b>		(1,783,835)		(1,874,205)	
		-----		-----	
<b>Total assets less current liabilities</b>		(1,783,835)		(1,874,205)	
<b>Creditors - amounts falling due after more than one year</b>	14	(5,093,065)		(5,093,065)	
<b>Provision for liabilities</b>	15	(10,000)		(20,000)	
		-----		-----	
<b>Net liabilities</b>		(6,886,900)		(6,987,270)	
		=====		=====	
<b>Capital and reserves</b>					
Called up share capital	16	750		750	
Profit and loss account	17	(6,887,650)		(6,988,020)	
		-----		-----	
<b>Equity shareholders' funds</b>	18	(6,886,900)		(6,987,270)	
		=====		=====	

The financial statements on pages 7 to 17 were authorised for issue on 23/8/10

  
C O'Brien for and on behalf of  
HPO Nominees Limited  
Corporate Director

The notes on pages 9 to 17 form part of these accounts

**ABK GROUP FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**1 Accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules

**Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the period

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value over their expected useful economic lives as follows

Fixture and fittings	- 33% per annum straight line
University laptops	- 33% per annum straight line
Rental books	- period of leases

**Pension costs**

**Defined contribution scheme**

The pension costs charged in the financial statements represent the contribution payable by the company during the period

**Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term

## **ABK GROUP FINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (cont...)**

#### **FOR THE YEAR ENDED 28 FEBRUARY 2010**

#### **1 Accounting policies (cont...)**

##### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the resulting gain or loss has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

#### **2. Going concern**

On 12 September 2008 the company sold the kitchen appliance and textile sales and rental business to UK Electric Limited. The consideration for the sale comprised a payment of £25,000 on completion and a commission payable over the subsequent five years for renewal of existing leases and new lease agreements with existing customers. Due to the nature of the agreement and the terms of the consideration payable it is not possible to calculate with any certainty either the total payments that will be received from UK Electric Limited or the timing of receipts

As a result of the uncertainty set out above, the directors have been unable to produce accurate cashflow projections for a period of 12 months following the approval of these financial statements and to quantify the effects on the financial statements should the going concern basis be inappropriate

#### **3 Turnover**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax, wholly within the United Kingdom

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

<b>4 Other operating income</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sale of assets	90,349	60,364
	=====	=====
<b>5. Operating profit</b>		
Operating profit is stated after charging	<b>£</b>	<b>£</b>
Auditors' remuneration (note 6)	6,500	11,374
Depreciation - assets owned	-	264,032
- assets leased	-	67,656
Other operating leases	-	66,829
	=====	=====
<b>6 Auditors remuneration</b>		
Audit of the financial statements	5,750	10,984
Taxation Services	750	750
	-----	-----
	6,500	11,374
	=====	=====
<b>7. Interest receivable</b>		
	<b>£</b>	<b>£</b>
Bank interest receivable	65	705
	=====	=====
<b>8 Interest payable and similar charges</b>		
	<b>£</b>	<b>£</b>
Bank overdraft interest	-	1,545
Loan interest	-	1,555
HP interest	-	9,306
	-----	-----
	-	12,406
	=====	=====

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**9 Directors and employees**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Staff costs including directors' emoluments		
Wages and salaries - direct	-	325,338
- administration	24,543	334,667
Social security costs	2,655	67,170
Pension costs	-	1,834
	-----	-----
	27,198	729,009
	=====	=====
The average number employed, which includes executive directors was	<b>Number</b>	<b>Number</b>
Administration	2	16
	=====	=====
<b>Directors emoluments</b>		
	<b>£</b>	<b>£</b>
Remuneration and benefits	-	9,662
	-----	-----
	-	9,662
	=====	=====

The number of directors to whom retirement benefits were accruing under a defined contribution pension scheme at the year end was nil (2009 - nil)

**10. Pension costs**

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £nil (2009 - £1,834). The amount of outstanding contributions included within accruals at the balance sheet date was £nil (2009 - £nil).

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**11 Taxation**

(a) Analysis of charge in period

	<b>2010</b>	<b>2009</b>
	<b>£</b>	
Current tax.		
UK Corporation Tax on ordinary activities	-	-
	-----	-----
Tax on profit on ordinary activities	-	-
	=====	=====

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of Corporation Tax in the UK (28%)

The differences are explained below

	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	100,370	398,107
	=====	=====
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK 28%	28,104	111,470
Effects of		
Expenses not deductible for tax purposes	54,834	6,846
Depreciation in excess of capital allowances	-	27,769
Group loss relief	(14)	(197)
Losses brought forward	(82,924)	(145,888)
	-----	-----
Current tax charge for period (note 10(a))	-	-
	=====	=====

The company has Corporation Tax losses available to offset against future trading profits totalling £6,127,640 (2009 - £6,423,797)

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**12 Debtors**

**Amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	13,007	60,741
Other Debtors	49,506	-
Prepayments and accrued income	7,287	19,510
	-----	-----
	69,800	80,251
	=====	=====

**13 Creditors - amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,823,292	1,785,845
Other taxation and social security	-	1,823
Other creditors	5,000	27,565
Accruals and deferred income	71,178	157,227
	-----	-----
	1,899,470	1,972,460
	=====	=====

Included within trade creditors is £1,753,524 (2009 – £1,735,116) due to finance creditors. Due to the historic poor maintenance of accounting records the directors have been unable to confirm the amounts due to finance creditors and the accounts include the best estimate of the liabilities due.

Barclays Bank plc hold a debenture dated 12 June 2002 in respect of the bank facilities provided to the company.

**14 Creditors - amounts falling due after more than one year**

	<b>£</b>	<b>£</b>
Other loans	4,596,003	4,596,003
Amounts owed to group undertakings	497,062	497,062
	-----	-----
	5,093,065	5,093,065
	=====	=====

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

<b>15 Provision for liabilities</b>		<b>Maintenance Provision £</b>
At 1 March 2009		20,000
Released during the period		(10,000)
		<u>-----</u>
At 28 February 2010		<u>10,000</u>
On 12 September 2008, responsibility for the maintenance of cooker and ancillary equipment was transferred to UK Electric Ltd. At this date the company released the remaining maintenance provision relating to this equipment. The current provision relates to ICT contracts which were not transferred to UK Electric Ltd.		
<b>16 Share capital</b>		
	<b>2010</b>	<b>2009</b>
<b>Allotted, issued and fully paid</b>		
750 £1 Ordinary shares	<u>750</u>	<u>750</u>
<b>17 Reserves</b>		<b>Profit and loss account £</b>
At 1 March 2009		(6,988,020)
Profit for the period		100,370
		<u>-----</u>
At 28 February 2010		<u>(6,887,650)</u>
<b>18 Reconciliation of movements in shareholders' funds</b>		
	<b>2010 £</b>	<b>2009 £</b>
Profit for the period	100,370	398,107
	<u>-----</u>	<u>-----</u>
Net increase to shareholders' funds	100,370	398,107
Opening shareholders' funds	(6,987,270)	(7,385,377)
	<u>-----</u>	<u>-----</u>
Closing shareholders' funds	<u>(6,886,900)</u>	<u>(6,987,270)</u>

**ABK GROUP FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (cont...)**

**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**19 Contingent liability**

H M Revenue and Customs are querying the company's PAYE treatment of certain transactions undertaken by former directors. If the transactions queried were subject to PAYE, additional liabilities of £263,000 could arise. The current directors believe they have a strong legal case and no liability will arise.

**20 Related Party Transactions**

The ultimate controlling party, Mr John Hargreaves, provided the company with its working capital and at the balance sheet date the company owed £4,596,003 (2009 - £4,596,003) to him. This amount is disclosed under creditors falling due after more than one year.

During the period ended 28 February 2010 the following related party transactions took place,

- 1) The company traded with Maro Developments Limited, a company in which C O'Brien, a director during the year is also a director.

The company made net sales to Maro Developments Limited during the period totalling £50 (2009 - £17,734). At the balance sheet date £nil (2009 - £nil) was included in trade debtors owing from Maro Developments Limited.

ABK Group Finance Limited was recharged £25,662 (2009 - £23,903) for expenses incurred on its behalf by Maro Developments Limited. At the balance sheet date £nil (2009 - £5,165) was included within trade creditors.

During the period a short term loan was provided to Maro Developments Limited. At the balance sheet date £37,826 is outstanding and included within other debtors (2009 - £20,225 due to Maro Developments Limited included within other creditors).

- 2) The company made net sales totalling £nil (2009 - £79,272) to Matalan Retail Limited, a company controlled by John Hargreaves. At the balance sheet date £nil (2009 - £3,147) is included within trade debtors.
- 3) The company recharged Jamey Hargreaves, the majority shareholder in the parent company ABK Group Limited, £nil (2009 - £9,623) for expenses incurred on his behalf. At the balance sheet date, £nil (2009 - £nil) was included within trade debtors.

**ABK GROUP FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (cont...)**  
**FOR THE YEAR ENDED 28 FEBRUARY 2010**

**20 Related Party Transactions (cont...)**

- 4) On 1 April 2009 the performance sports division was transferred to ABK Performance Sports Limited, a company owned by John Hargreaves. No consideration was paid as this division had historically been loss making. During the year the company recharged expenses of £884 to ABK Performance Sports Limited and was recharged £11,818 for costs incurred on its behalf by ABK Performance Sports Limited. No amounts were outstanding at the balance sheet date.

The company also provided a short term interest free loan to ABK Performance Sports Limited. At the balance sheet date the directors believe that the balance outstanding is not recoverable and have provided £196,500 against the amounts outstanding at this date.

**21 Ultimate controlling party**

The ultimate parent company is ABK Group Limited a company registered in England and Wales company number 04444100.

The directors consider Mr John Hargreaves to be the ultimate controlling party of the company by virtue of loans of £4,596,003 and £457,811 provided by John Hargreaves to ABK Group Finance Limited and ABK Group Limited respectively.