

ABK GROUP PLC
DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
PERIOD ENDED 28 FEBRUARY 2009

Company Number: 04444100

ALEXANDER & CO
Chartered Accountants



ABK GROUP PLC
FINANCIAL STATEMENTS
28 FEBRUARY 2009

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The following page does not form part of the statutory accounts:

Detailed company profit and loss account	Appendix 1
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ABK GROUP PLC
COMPANY INFORMATION

28 FEBRUARY 2009

Number:	04444100
Directors:	C O'Brien (appointed 9/9/09) H P O Nominees Limited (appointed 22/8/08) Maro Developments Limited (appointed 22/8/08) C Howarth (resigned (09/06/09)
Secretary:	Maro Developments Limited (appointed 07/07/08)
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 PLC
DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2009

The directors submit their group directors' report and audited financial statements for the period ended 28 February 2009.

Principal activity and review of the business

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

The director regards the results for the period as unsatisfactory.

Results and dividends

The results for the period are shown in the profit and loss account on page 7. No dividend was paid during the period ended 28 February 2009 (2007 - £nil). The balance of the profit for the period is to be transferred to reserves.

Fixed Assets

Changes in fixed assets are shown in note 11 to the accounts.

Business performance

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.

The principal risks and uncertainties of the group 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 were as follows:

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

H P O Nominees Limited (appointed 22/8/08)

Maro Developments Ltd (appointed 22/8/08)

C Haworth (resigned 09/06/09)

The current director Chris 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.

Payment policy

The practice is to pay the creditors within the normal credit terms allowed by the company's suppliers. Trade creditors at the period end amounted to 15 days of average supplies for the period (2007 - 60 days).

ABK GROUP PLC

DIRECTORS' REPORT (CONT...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

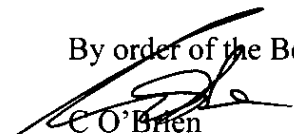
Post balance sheet events

On 1 April 2009 the performance sports business segment was transferred to a new limited company ABK Performance Sports Limited. This was undertaken to enable the business to focus entirely on its core and be separately accountable. As the business was loss making for a number of previous years no consideration was payable to ABK Group Finance Limited.

Auditors

A resolution to reappoint 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: 17/9/09

ABK GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors 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.

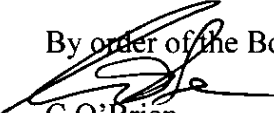
We are also responsible for:

- 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 1985;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 each 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 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: 17/9/09

ABK GROUP PLC
INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of
ABK Group plc

We have audited the financial statements of ABK Group plc for the period ended 28 February 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and company's circumstances, consistently applied and adequately disclosed.

ABK GROUP PLC
INDEPENDENT AUDITORS' REPORT (cont...)

Independent auditors' report to the members of
ABK Group plc

Basis of audit opinion (cont...)

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 finance creditors (£1.73m) within the subsidiary company ABK Group Finance Limited due to the poor accounting records maintained during the period. Further, the evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the group 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.

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 group's and company's affairs as at 28 February 2009 and of the profit of the group for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985; and

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.

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements.

Alexander & Co
Alexander & Co
Chartered Accountants &
Registered Auditor
17 St Ann's Square
Manchester M2 7PW
Date: 17 September 2009

ABK GROUP PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 28 FEBRUARY 2009

Continuing

	Note	Operations 28 February 2009 £	Discontinued 28 February 2009 £	Total 28 February 2009 £	Total 31 August 2007 £
Turnover	3	517,721	3,247,936	3,765,657	2,922,167
Cost of sales		(310,630)	(1,948,743)	(2,259,373)	(2,518,441)
Gross profit		207,091	1,299,193	1,506,284	403,726
Administrative expenses		(160,766)	(997,792)	(1,158,558)	(1,198,819)
Other operating income	4	60,364	-	60,364	1,736
Operating profit/(loss)		106,689	301,401	408,090	(793,357)
Other interest receivable and similar Income	6			705	44
Interest payable and similar charges	7			(12,406)	(22,654)
Profit/(loss) on ordinary activities before taxation				396,389	(815,967)
Taxation	10			-	-
Profit/(loss) on ordinary activities after taxation				396,389	(815,967)

None of the Group's activities were acquired or discontinued the year ended 31 August 2007.

There are no recognised gains and losses in the periods other than the profit/loss for the period.

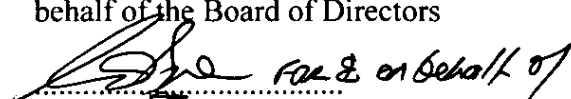
The notes on pages 11 to 22 form part of these financial statements.

ABK GROUP PLC
CONSOLIDATED BALANCE SHEET

AS AT 28 FEBRUARY 2009

	Note	28 February 2009		31 August 2007	
		£	£	£	£
Fixed Assets					
Tangible assets	11		-		325,292
Current assets					
Stocks	13		-		206,999
Debtors	14		80,251		337,599
Cash at bank and in hand			18,004		6,157
			<u>98,255</u>		<u>550,755</u>
Creditors - amounts falling due within one year	15		(2,450,025)		(2,974,704)
Net current assets			(2,351,770)		(2,423,949)
Total assets less current liabilities			(2,351,770)		(2,098,657)
Creditors - amounts falling due after more than one year	16		(4,596,003)		(4,544,947)
Provision for liabilities and charges	17		(20,000)		(720,558)
			<u>(6,967,773)</u>		<u>(7,364,162)</u>
Capital and reserves					
Called up share capital	18		37,501		37,501
Profit and loss account	20		(7,005,274)		(7,401,663)
Shareholders' funds	20		<u>(6,967,773)</u>		<u>(7,364,162)</u>

The financial statements on pages 7 to 22 were authorised for issue on 17/9/09 and signed on behalf of the Board of Directors


HPO Nominees Limited
DIRECTOR

BALANCE SHEET

	Note	28 February 2009	31 August 2007
		£	£
FIXED ASSETS			
Investments	12	750	751
CURRENT ASSETS			
Debtors	14	497,062	497,062
Creditors - amounts falling due within one year	15	(477,565)	(475,848)
NET CURRENT ASSETS		19,497	21,214
TOTAL ASSETS LESS CURRENT LIABILITIES		20,247	21,965
Creditors - amounts falling due after more than one year	16	-	-
		20,247	21,965
CAPITAL AND RESERVES			
Called up Share Capital	18	37,501	37,501
Profit and loss account	20	(17,254)	(15,536)
Shareholders' funds	20	20,247	21,965

The financial statements on pages 7 to 22 were authorised for issue on 17/9/9 and signed on behalf of the Board of Directors

HPQ Nominees Limited
DIRECTOR

ABK GROUP PLC
CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 28 FEBRUARY 2009

	28 February 2009		31 August 2007	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(5,102)		462,444
Returns on investments and servicing of finance				
Interest received	705		44	
Interest paid	(12,406)		(22,654)	
		(11,701)		(22,610)
Taxation				
Corporation tax paid		-		-
Capital expenditure				
Purchase of tangible fixed assets		(6,396)		(13,415)
Net cash (outflow)/inflow before financing		(23,199)		426,419
Financing				
Advance/(repayment) of other loans	60,018		(86,794)	
		60,018		(86,794)
Increase in cash for the period		36,819		339,625

See note 25 for the notes to this statement.

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2009

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

Stocks

Stocks are stated at the lower of cost and net realisable value after making allowance for obsolete and slow moving stock.

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 PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

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.

Basis of consolidation

The consolidated accounts incorporate the results of ABK Group Plc and its subsidiary undertakings using the generally accepted principles of merger accounting.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The group's loss after taxation for the financial period is after accounting for the company's loss of £1,718 (2007 - £1,405).

2. **Going concern**

On 12 September 2008 the company's subsidiary, ABK Group Finance Limited, 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 as such quantify the effects on the financial statements should the going concern basis be inappropriate.

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

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.

4. Other operating income	28 February 2009	31 August 2007
	£	£
Rental income	-	1,736
Sale of Assets	60,364	-
	<u>60,364</u>	<u>-</u>

5. Operating loss	28 February 2009	31 August 2007
	£	£
Operating loss is stated after charging:		
Auditors' remuneration - audit	12,154	24,080
Depreciation - assets owned	264,032	414,091
- assets leased	67,656	57,991
Other operating leases	66,829	79,094
	<u>310,671</u>	<u>575,256</u>

6. Interest receivable	28 February 2009	31 August 2007
	£	£
Bank interest receivable	705	44
	<u>705</u>	<u>44</u>

7. Interest payable and similar charges	28 February 2009	31 August 2007
	£	£
Bank overdraft interest	1,545	8,249
Loan interest	1,555	3,243
HP interest	9,306	11,162
	<u>12,406</u>	<u>22,654</u>

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE YEAR ENDED 28 FEBRUARY 2009

8. Directors and employees	28 February 2009 £	31 August 2007 £
Staff costs including directors' emoluments:		
Wages and salaries - direct	325,338	482,146
- administration	334,667	226,912
Social security costs	67,170	26,541
Pension costs	1,834	5,161
	-----	-----
	729,009	740,760
	=====	=====
The average number employed, which includes executive directors was:	Number	Number
Sales and administration	-	32
Administration	16	9
	-----	-----
	16	41
	=====	=====
Directors emoluments		
	£	£
Remuneration and benefits	9,662	44,000
Pension contributions	-	1,320
	-----	-----
	9,662	45,320
	=====	=====

The number of directors to whom retirement benefits were accruing under a defined contribution pension scheme at the year end was nil (2007 - one).

9. 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 £1,834 (2007 - £5,161). The amount of outstanding contributions included within accruals at the balance sheet date was £nil (2007 - £nil).

10. Taxation

No liability to corporation tax arose on ordinary activities during the period ended 28 February 2009 or the year ended 31 August 2007.

The group has Corporation Tax losses available to offset against future trading profits in the same trade totalling £6,428,940 (2007 - £6,970,345).

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

11. Tangible fixed assets	Fixtures and fittings £	University Laptops £	Rental books £	Total £
Cost				
At 1 September 2007	123,862	938,032	740,683	1,802,577
Additions	6,396	-	-	6,396
Disposals	(130,258)	(938,032)	(740,683)	(1,808,973)
	-----	-----	-----	-----
At 28 February 2009	-	-	-	-
	-----	-----	-----	-----
Depreciation				
At 1 September 2007	105,363	743,563	628,359	1,477,285
Charge for the period	24,895	194,469	112,324	331,688
Disposals	(130,258)	(938,032)	(740,683)	(1,808,973)
	-----	-----	-----	-----
At 28 February 2009	-	-	-	-
	-----	-----	-----	-----
Net book value				
At 28 February 2009	-	-	-	-
	=====	=====	=====	=====
At 31 August 2007	18,499	194,469	112,324	325,292
	=====	=====	=====	=====

Included above are assets held under finance lease or hire purchase contracts as follows:-

Asset description	28 February 2009 Net book value £	28 February 2009 Depreciation charge £	31 August 2007 Net book value £	31 August 2007 Depreciation charge £
Rental book	-	67,656	67,656	57,991
	=====	=====	=====	=====

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

12. INVESTMENTS	28 February 2009 £	31 August 2007 £
The Company		
Investments in subsidiary undertakings at 1 September 2007	751	751
Disposals	(1)	-
	-----	-----
Investments in subsidiary undertakings At 28 February 2009	750	751
	=====	=====
Further details of subsidiary undertakings are shown at note 19.		
13. STOCKS	£	£
Stocks	-	206,999
	=====	=====
14. DEBTORS		
Amounts falling due within one year		
a) The Group	28 February 2009 £	31 August 2007 £
Trade debtors	60,741	181,118
Non fixed asset investment	-	48,775
Prepayments and accrued income	19,510	107,706
	-----	-----
	80,251	337,599
	=====	=====
b) The Company	£	£
Amounts owed by group undertakings	497,062	448,287
Non fixed asset investment	-	48,775
	-----	-----
	497,062	497,062
	=====	=====

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

15. CREDITORS - Amounts falling due within one year

	28 February 2009	31 August 2007
	£	£
a) The Group		
Bank overdraft	-	24,972
Trade creditors	1,785,845	1,736,342
Other taxation and social security	1,823	113,712
Accruals and deferred income	162,137	516,267
Finance leases and HP contracts	-	53,767
Other loans	457,811	457,811
Preference Shares	12,500	12,500
Preference dividends	2,344	1,406
Other creditors	27,565	57,927
	-----	-----
	2,450,025	2,974,704
	=====	=====
b) The Company	£	£
Other loans	457,811	457,811
Amounts owed to group undertakings	-	1
Accruals and deferred income	4,910	4,130
Preference shares	12,500	12,500
Preference dividend	2,344	1,406
	-----	-----
	477,565	475,848
	=====	=====

16. CREDITORS - amounts falling due after more than one year

	28 February 2009	31 August 2007
	£	£
The Group		
Hire purchase creditor	-	8,962
Other loans	4,596,003	4,535,985
	-----	-----
	4,596,003	4,544,947
	=====	=====

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

17. Provision for liabilities

	Maintenance provision £
At 1 September 2007	720,558
Provided during the period	-
Released during the period	700,558
	<u>-----</u>
At 28 February 2009	<u>20,000</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 remaining provision relates to ICT contracts which were not transferred to UK Electric Ltd

18. Share capital

	28 February 2009		31 August 2007	
Equity Shares	Number	£	Number	£
Authorised				
Equity Shares				
£1 A Ordinary shares	12,500	12,500	12,500	12,500
£1 B Ordinary shares	37,500	37,500	37,500	37,500
Non equity shares				
£1 Preference shares	1,962,500	1,962,500	1,962,500	1,962,500
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	2,012,500	2,012,500	2,012,500	2,012,500
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
 Allotted, issued and fully paid				
Equity shares				
£1 A Ordinary shares	1	1	1	1
£1 B Ordinary shares	37,500	37,500	37,500	37,500
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	37,501	37,501	37,501	37,501
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
 Non equity shares				
£1 Preference shares				
Included within creditors				
- Amounts due within one year	12,500	12,500	12,500	12,500
- Amount due after more than one year	-	-	-	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

19. SUBSIDIARY COMPANIES

At 28 February 2009 the company held more than 20% of the equity of the following:

Subsidiary undertaking	Country of incorporation	Nature of business	Class of shares held	% holding	Shareholders' funds	Profit retained for period
ABK Group Finance Ltd	England & Wales	Equipment leasing	Ordinary	100%	(6,987,270)	398,107

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

a) The Group

	Share Capital £	Profit & Loss account £	Total £
At 1 September 2007	37,501	(7,401,663)	(7,364,162)
Profit for the period	-	396,389	396,389
	-----	-----	-----
At 28 February 2009	37,501	(7,005,274)	(6,967,773)
	=====	=====	=====

b) The Company

At 1 September 2007	37,501	(15,536)	21,965
Loss for the period	-	(1,718)	(1,718)
	-----	-----	-----
At 28 February 2009	37,501	(17,254)	20,247
	=====	=====	=====

21. 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.

22. Post balance sheet events

On 1 April 2009 the performance sports business segment was transferred to a new limited company ABK Performance Sports Limited. This was undertaken to enable the business to focus entirely on its core and be separately accountable. As the business was loss making for a number of previous years no consideration was payable to ABK Group Finance Limited

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

23. Ultimate controlling party and related party disclosure

The director considers Mr John Hargreaves to be the ultimate controlling party of the company and group by virtue of:-

- the shareholding in ABK Group plc of all the 'B' ordinary and preference shares held by Jamey Hargreaves, John Hargreaves' son;
- loans of £4,596,003 and £457,811 provided by John Hargreaves to ABK Group Finance Limited and ABK Group plc respectively.

24. Related Party Transactions

The ultimate controlling party, Mr John Hargreaves, provided the group with its working capital and at the balance sheet date the group owed £5,053,814 (2007 - £4,993,796) to him. This amount is disclosed under creditors as:

	28 February 2009 £	31 August 2007 £
Amounts due less than 1 year	457,811	457,811
Amounts due greater than 1 year	4,596,002	4,535,985
	-----	-----
	5,053,813	4,993,796
	=====	=====

During the period ended 28 February 2009 the following related party transactions took place;

- 1) The subsidiary company ABK Group Finance Limited was charged £nil (2007 - £18,000) for consultancy services by Expatria Limited, a company controlled by C Haworth, a director during the period. At 28 February 2009 the balance owing to Expatria Limited was £nil (2007 - £44,321).
- 2) The subsidiary company ABK Group Finance Limited was charged £nil (2007 - £76,971) for rent of the head office by M Fitton and H Longden, former directors of the company during the period ended 31 August 2007. At 28 February 2009 the balance owing to M Fitton and H Longden was £nil (2007 - £22,610).

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 29 FEBRUARY 2009

24. Related Party Transactions (cont...)

- 3) The subsidiary company ABK Group Finance Limited traded with EPCIS Limited, a company in which M Fitton, a former director during the period ended 31 August 2007, is also a director and H Longden, a former director during the period ended 31 August 2007, is secretary.

ABK Group Finance Limited was charged net invoices totalling £nil (2007 - £73,438) during the period by EPCIS Limited for IT equipment purchases and consultancy. At the balance sheet date, £nil was included in trade creditors owing to EPCIS Limited.

ABK Group Finance Limited made net sales to EPCIS Limited during the period totalling £nil (2007 - £142,213). At the balance sheet date, £nil was included in trade debtors owing from EPCIS Limited (2007 - £10,768).

- 4) The subsidiary company ABK Group Finance Limited traded with Maro Developments Limited, a company in which C O'Brien, a director during the period is also a director.

ABK Group Finance Limited made net sales to Maro Developments Limited during the year totalling £17,734 (2007 - £46,884). At the balance sheet date nil was included in trade debtors owing from Maro Developments Limited.

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

During the period Maro Developments Limited provided a short term interest free loan to ABK Group Finance Limited. At the balance sheet date £20,225 is outstanding and included within other creditors.

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

ABK GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (cont...)

FOR THE PERIOD ENDED 28 FEBRUARY 2009

25. Notes to the cash flow statement

	28 February 2009	31 August 2007
	£	£
(i) Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
Operating profit/(loss)	408,090	(814,747)
Depreciation charges	331,688	472,081
Decrease in stocks	206,999	43,977
Decrease in debtors	257,348	188,375
(Decrease)/increase in creditors	(1,209,227)	572,758
	-----	-----
Net cash (outflow)/inflow from operating activities	<u>(5,102)</u>	<u>462,444</u>

(ii) Reconciliation of net cash flow to movement in net debt

	£	£
Increase in cash for the period	36,819	339,625
Loans from related parties (advanced)/repaid	(60,018)	86,794
	-----	-----
	(23,199)	426,419
Net debt position at 31 August 2007	(5,012,611)	(5,439,030)
	-----	-----
Net debt position at 28 February 2009	<u>(5,035,810)</u>	<u>(5,012,611)</u>

(iii) Analysis of changes in net debt

	31 August 2007	Cash flows	28 February 2009
	£	£	£
Net cash:			
Cash at bank and in hand	6,157	11,847	18,004
Bank overdraft	(24,972)	24,972	-
	-----	-----	-----
	(18,815)	36,819	18,004
	=====	=====	=====
Debt:			
Loans from related parties	(4,993,796)	(60,018)	(5,053,814)
	=====	=====	=====
Total:	<u>(5,012,611)</u>	<u>(23,199)</u>	<u>(5,035,810)</u>
	=====	=====	=====