

**ABACUS LAWRENCE GROUP LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2011**

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**MAGEE GAMMON**

Chartered Accountants  
Henwood House  
Henwood  
Ashford  
Kent  
TN24 8DH

THURSDAY



**ABACUS LAWRENCE GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report with the audited consolidated financial statements of the company for the year ended 31 December 2011.

**Principal activity**

The principal activity of the group in the year under review was that of the installation of safety surfacing.

The principal activity of the company in the year under review was that of a holding company providing management services to its trading subsidiaries.

**Business review and key performance indicators**

The directors are satisfied with the results of the group for the year. Consolidated turnover has decreased to £6.2 million from £6.8 million in 2010 and the overall gross profit has decreased from 37.9% in 2010 to 34.4% for the year under review.

The reduction in sales and margin are due to pressure on the sales price and the increase in raw material costs. The directors expect that this will continue into the current year.

The directors have also driven down the administrative costs as part of an ongoing exercise to increase efficiency in the business and, again, this is expected to continue through the current year.

The result is that consolidated pre-tax earnings are £556,537 (2010 : £669,619).

The directors consider that the group is well placed for the forthcoming year, despite continuing uncertainty about the economy and difficult trading conditions.

Given the straight forward nature of the business, the group's directors are of the opinion that analysis, other than stated above, using KPIs is not necessary for an understanding of the development, performance or position of the business

**Business environment**

The group differentiates itself from its competitors by employing people who are experienced, talented and motivated, by providing a first class timely service and is able to adapt to a changing market place.

The company provides management services, at both director and senior management level to its subsidiary companies, who operate in a competitive market place, in the selling and installation of safety surfaces.

## **ABACUS LAWRENCE GROUP LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **Strategy**

The group and the company's overriding objective is to achieve sustainable rates of growth and return, through growth, and by acquisition if in the opinion of the directors the correct opportunity arises.

The key elements of growth are:

- investment in staff training and retention
- quick delivery and outstanding customer service
- research and investment in new process and products

The group continues to invest in information technology, infrastructure and business practices to ensure its continued success. The directors recognise that employees play a significant role in this success and have put in place a number of financial and other incentives, in order to ensure that the group is able to employ and retain employees. The group continues to ensure the health and safety matters are complied with and the continuation of ongoing training for employees.

#### **Future outlook**

The directors believe that, in the current economic climate, it will be difficult for the group and the company to achieve growth in 2012, both in turnover and profitability.

However, the directors are confident that they will maintain the current level of performance in the future.

#### **Principle risks and uncertainties**

The management of the business and the execution of the company's and the group's strategy are subject to a number of risks.

Risks are formally reviewed by the board of directors and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the group. The key business risks affecting the group are as set out below

##### Liquidity risk

In the current economic climate, the group is reliant upon its' bankers for its working capital facility to meet its day-to-day requirements. Liquidity can be adversely affected by late payment or indeed non-payment of trade debts.

##### Competition

The group operates in a highly competitive market particularly around price and service. This results not only in downward pressure on margins but also in the risk of not meeting customer's expectations. In order to mitigate this risk sales and support teams continually monitor prices and customer satisfaction.

##### Employee skills and retention

The group's performance depends largely on its contract managers, sales staff and other key employees. The resignation of these individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the results. To mitigate these issues, the directors have implemented programs and schemes to retain such individuals, including an ongoing training programme and a reward scheme.

## **ABACUS LAWRENCE GROUP LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **Risk management**

The group's funding, liquidity and exposure to interest rate risks are managed by the group's financial team. The management of these risks is conducted within a framework of policies and guidelines authorised by the board of directors.

The group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operating activities.

The group publishes its financial statements in pounds sterling and conducts business principally in sterling.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments be undertaken

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The group finances its operations through bank borrowings which consist of an overdraft and loans, together with loans from its directors. The group has repaid all its secured loan notes in 2010. Interest on these financial instruments are calculated at bank base rate plus agreed margin.

#### Liquidity risk

As regards liquidity, the group's policy throughout the period has been to ensure continuity of funding. The overdraft is on a rolling twelve month facility renewable on its anniversary. The bank loans consist of a short term loan and a longer term loan.

Credit control procedures have been reviewed and amended to prevent delayed receipts and bad debts arising

#### **Directors**

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

G W Rodwell  
M J White

## **ABACUS LAWRENCE GROUP LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **Dividends**

Aggregate dividends of £178.91 (2010: £207.14) per A ordinary share have been paid during the year.

Aggregate dividends of £950.00 (2010: £950.00) per C ordinary share have been paid during the year.

The directors do not recommend the payment of any further dividend for the year.

The directors have proposed a final dividend of £168.02 (2010: £187.39) per B ordinary share, which, if approved, will not be paid until 1st July 2013.

#### **Fixed assets**

Details of fixed assets are shown in the attached notes to these financial statements

#### **Post balance sheet events**

There have been no events since the Balance Sheet date that have materially altered the position of the company as represented within these consolidated financial statements.

#### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

#### **Directors' responsibilities**

The directors are responsible for preparing the Report of the Directors and the consolidated 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 consolidated 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 consolidated 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 and Loss Account of the company for that period. In preparing these consolidated financial statements the directors are required to.

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the directors's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the consolidated 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.

**ABACUS LAWRENCE GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**Auditors**

The auditors, Magee Gammon Corporate Limited, will be proposed for reappointment in accordance with Section 487(2) of the the Companies Act 2006.

Approved by the the board of directors on 1 May 2012 and signed on its behalf by:-

  
G W Rodwell - Director

**Registered office**

11-30 The Creek  
Northfleet  
Kent  
DA11 9AS

# **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ABACUS LAWRENCE GROUP LIMITED**

We have audited the consolidated financial statements of Abacus Lawrence Group Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Parent Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 auditors**

As explained more fully in the statement of directors' responsibilities set out in the Report of the Directors, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the consolidated 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 consolidated financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated 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 consolidated financial statements.

## **Opinion on consolidated financial statements**

In our opinion the consolidated financial statements

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2011 and of its result 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.

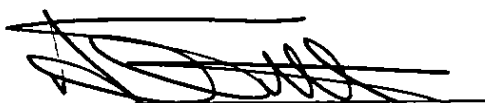
## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated 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 consolidated 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.



Antony Timothy David Tutt F.C.A. (Senior Statutory Auditor)

for and on behalf of

**Magee Gammon Corporate Limited**

Chartered Accountants and Statutory Auditors

Date : 1 May 2012

**ABACUS LAWRENCE GROUP LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011	2010
<b>TURNOVER</b>	2	6,218,410	6,832,065
Cost of sales		<u>(4,080,471)</u>	<u>(4,241,112)</u>
<b>GROSS PROFIT</b>		2,137,939	2,590,953
Administrative expenses		<u>(1,547,002)</u>	<u>(1,889,219)</u>
<b>OPERATING PROFIT</b>	3	590,937	701,734
Other interest receivable and similar income	6	2,312	10,744
Interest payable and similar charges	7	<u>(36,712)</u>	<u>(42,859)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		556,537	669,619
Tax on profit on ordinary activities	8	<u>(171,755)</u>	<u>(213,677)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>£384,782</u></u>	<u><u>£455,942</u></u>

**Continuing operations**

All the above amounts are in respect of continuing operations

**Total recognised gains and losses**

There are no other recognised or unrecognised gains or losses included in these consolidated financial

The accompanying notes form an integral part of these audited financial statements



**ABACUS LAWRENCE GROUP LIMITED****CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2011**

	Notes	2011	2010
<b>FIXED ASSETS</b>			
Intangible assets	10	1,567,981	1,667,535
Tangible assets	11	920,243	1,073,824
		<u>2,488,224</u>	<u>2,741,359</u>
<b>CURRENT ASSETS</b>			
Stocks	13	238,271	208,498
Debtors	14	881,033	925,714
Cash at bank and in hand		57,359	129,996
		<u>1,176,663</u>	<u>1,264,208</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	<u>(1,040,349)</u>	<u>(1,274,972)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>136,314</u>	<u>(10,764)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,624,538	2,730,595
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16	(719,533)	(976,693)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18	<u>(38,368)</u>	<u>(14,332)</u>
<b>NET ASSETS</b>		<u><u>£1,866,637</u></u>	<u><u>£1,739,570</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,000	1,000
Profit and loss account	20	1,865,637	1,738,570
<b>SHAREHOLDERS FUNDS</b>	21	<u><u>£1,866,637</u></u>	<u><u>£1,739,570</u></u>

Approved by the board of directors on 1 May 2012 and signed on its behalf by -

  
G W Rodwell  
Director

  
M J White  
Director

The accompanying notes form an integral part of these audited financial statements

**ABACUS LAWRENCE GROUP LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2011**

	Notes	2011	2010
<b>FIXED ASSETS</b>			
Investments	12	2,151,140	2,151,140
		<u>2,151,140</u>	<u>2,151,140</u>
<b>CURRENT ASSETS</b>			
Debtors	14	431,849	1,415
Cash at bank and in hand		3,733	-
		<u>435,582</u>	<u>1,415</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	<u>(1,445,983)</u>	<u>(900,356)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,010,401)</u>	<u>(898,941)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,140,739	1,252,199
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16	(695,052)	(923,074)
<b>NET ASSETS</b>		<u><u>£445,687</u></u>	<u><u>£329,125</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,000	1,000
Profit and loss account	20	444,687	328,125
<b>SHAREHOLDERS FUNDS</b>	21	<u><u>£445,687</u></u>	<u><u>£329,125</u></u>

Approved by the board of directors on 1 May 2012 and signed on its behalf by -

  
G W Rodwell  
Director

  
M J White  
Director

The accompanying notes form an integral part of these audited consolidated financial statements

**ABACUS LAWRENCE GROUP LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
Net cash inflow from operating activities	22	718,548	1,149,633
Returns on investments and servicing of finance	23	(34,400)	(32,115)
Taxation	24	(204,902)	(329,159)
Capital expenditure and financial investment	25	35,251	20,291
Equity dividends paid	9	<u>(257,715)</u>	<u>(302,231)</u>
Cash inflow before management of liquid resources and financing		256,782	506,419
Financing	26	<u>(378,620)</u>	<u>(402,233)</u>
Cash (decrease) / increase		<u><u>(£121,838)</u></u>	<u><u>£104,186</u></u>

The accompanying notes form an integral part of these audited consolidated financial statements

## **ABACUS LAWRENCE GROUP LIMITED**

### **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1 Accounting policies**

The consolidated financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies are as follows -

##### Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention.

##### Going concern

The group's business activities, together with the factors likely to affect future development, performance and position are set out in the Report of the Directors. In addition the Report of the Directors sets out the group's objectives and policies; financial risk management objectives, and its exposures to inherent rate risk and liquidity risk.

The group meets its day-to-day working capital requirement through a group overdraft facility, which was renewed on 1st July 2011. The group has satisfied the covenants required by its' bank and there has been no indication of a withdrawal or reduction in the facility. The group's forecasts and projections, taking account of reasonable potential changes in trading performance, show that the group should be able to operate within the level of its current facility.

In view of the above the directors consider it appropriate to prepare the financial statements on the going concern basis.

##### Consolidation

The consolidated financial statements consolidate the results and financial position of Abacus Lawrence Group Limited and all its subsidiary undertakings ('the Group').

Intra-group transactions have been eliminated. Where necessary adjustments are made to the consolidated financial statements of subsidiaries to align the accounting policies used by the Group.

As permitted by Section 408 of the Companies Act 2006 no profit and loss account is presented for the company.

##### Turnover

Turnover comprises the amounts receivable for supplies of goods and services, excluding VAT and net of trade discounts.

##### Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the identifiable assets and liabilities acquired is capitalised and written off over its useful economic life, which is 20 years. Provision is made for any impairment

## **ABACUS LAWRENCE GROUP LIMITED**

### **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1 Accounting policies (continued)**

##### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land and after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery	between 20% and 50% on both cost and
Motor vehicles	between 20 and 25% on both cost and
Fixtures and fittings	15% reducing balance basis

Depreciation is not provided on freehold buildings as, in the opinion of the directors, it is not significant due to the buildings being maintained in a state of good repair and that the residual value does not change.

##### Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

##### Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered

##### Leases

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred

##### Finance costs

Finance costs of financial liabilities are recognised in the Profit and Loss Account over the term of such instruments at a constant rate on the carrying amount.

##### Pension costs

Contributions in respect of the company's defined contribution pension scheme are charged to the Profit and Loss Account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

# ABACUS LAWRENCE GROUP LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 1 Accounting policies (continued)

#### Government grants

Government grants relating to tangible fixed assets are treated as deferred incoming released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

### 2 Turnover

Turnover arises from sales generated from its principal activity and wholly within the United Kingdom.

### 3 Operating profit

Operating profit is stated after charging / (crediting).

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Audit fees	12,000	11,500
Depreciation of owned tangible fixed assets	54,057	86,813
Depreciation of financed tangible fixed assets	26,102	53,662
Loss on disposal of fixed assets	24,911	3,098
Amortisation of goodwill	99,554	99,554
Operating lease rentals - other	19,775	18,626
	<u>£1,777,208</u>	<u>£1,995,003</u>

### 4 Employee information

	<b>2011</b>	<b>2010</b>
Staff costs, including directors, during the year amounted to		
- Wages and salaries	1,628,288	1,815,845
- Social security costs	151,261	170,989
- Pension costs - money purchase schemes	(2,341)	8,169
	<u>£1,777,208</u>	<u>£1,995,003</u>

The average number of employees during the year was as follows:

- Directors	2	4
- Operations managers	4	3
- Administration	4	4
- Direct staff	44	46
	<u>54</u>	<u>57</u>

**ABACUS LAWRENCE GROUP LIMITED**

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**5 Directors remuneration**

	<b>2011</b>	<b>2010</b>
Emoluments in respect of qualifying services	-	7,500
	<u>£-</u>	<u>£7,500</u>

**6 Other interest receivable and similar income**

	<b>2011</b>	<b>2010</b>
Interest receivable	-	2,435
Release of grant	2,312	8,309
	<u>£2,312</u>	<u>£10,744</u>

**7 Interest payable and similar charges**

	<b>2011</b>	<b>2010</b>
Bank interest	1,595	5,388
Loan interest payable	28,526	28,244
Hire purchase interest and finance lease charges	6,591	9,227
	<u>£36,712</u>	<u>£42,859</u>

**8 Tax on profit on ordinary activities**

	<b>2011</b>	<b>2010</b>
<u>Current tax</u>		
UK corporation tax at current rates	149,244	204,902
Adjustments in respect of prior years	(1,525)	-
<u>Total current tax</u>	<u>147,719</u>	<u>204,902</u>
<u>Deferred tax</u>		
Origination and reversal of timing differences	24,753	9,102
Effect of change of tax rate on opening liability	(717)	(327)
<u>Total deferred tax</u>	<u>24,036</u>	<u>8,775</u>
<u>Tax on profit on ordinary activities</u>	<u>£171,755</u>	<u>£213,677</u>

# ABACUS LAWRENCE GROUP LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 8 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2011	2010
Profit on ordinary activities before taxation	<u>£556,537</u>	<u>£669,619</u>
Tax on profit on ordinary activities at UK standard rate of 28% (2010 : 28%)	155,831	187,494
Effects of		
Expenses not deductible for taxes	2,096	2,176
Goodwill amortisation - not deductible for tax purposes	27,875	27,875
Capital allowances in excess of depreciation	(8,349)	(3,658)
Relief due to lower tax bands	(29,734)	(8,985)
<u>Current tax</u>	<u>£147,719</u>	<u>£204,902</u>

### 9 Dividends

Aggregate dividends paid during the year were as follows

	2011	2010
£178.91 (2010 : £207.14) per A Ordinary share	125,237	145,000
£187.39 (2010 : £311.16) per B Ordinary share	37,478	62,231
£950.00 (2010 : £950.00) per C Ordinary share	95,000	95,000
	<u>£257,715</u>	<u>£302,231</u>

Under the shareholders agreement, the Company is required to declare dividends on the "B" ordinary shares which are not payable until after 1st July 2013.

The directors have proposed a final dividend, on the B ordinary share, totalling £33,604 for the year ending 31 December 2011. This dividend has not been accounted for within the current year consolidated financial statements as it has yet to be approved.



# ABACUS LAWRENCE GROUP LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 10 Intangible fixed assets - group

	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>		
At 1 January 2011 and at 31 December 2011	1,991,086	1,991,086
<u>Amortisation :</u>		
At 1 January 2011	323,551	323,551
Charge for the year	99,554	99,554
At 31 December 2011	423,105	423,105
<u>Net book value</u>		
As at 31 December 2011	<u>£1,567,981</u>	<u>£1,567,981</u>
As at 31 December 2010	<u>£1,667,535</u>	<u>£1,667,535</u>

### 11 Tangible fixed assets - group

	<u>Land &amp; Buildings</u>	<u>Fixtures, Fittings, Tools &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>Cost :</u>				
At 1 January 2011	615,097	340,229	922,327	1,877,653
Additions	-	-	31,392	31,392
Disposals	-	(15,246)	(370,104)	(385,350)
At 31 December 2011	<u>615,097</u>	<u>324,983</u>	<u>583,615</u>	<u>1,523,695</u>
<u>Depreciation :</u>				
At 1 January 2011	-	232,928	570,901	803,829
Charge for the year	-	18,148	62,011	80,159
Disposals	-	(9,556)	(270,980)	(280,536)
At 31 December 2011	<u>-</u>	<u>241,520</u>	<u>361,932</u>	<u>603,452</u>
<u>Net book value</u>				
As at 31 December 2011	<u>£615,097</u>	<u>£83,463</u>	<u>£221,683</u>	<u>£920,243</u>
As at 31 December 2010	<u>£615,097</u>	<u>£107,301</u>	<u>£351,426</u>	<u>£1,073,824</u>
Net book value of leased assets included above	£-	£2,475	£89,879	£92,354
Depreciation charged on those assets	<u>£-</u>	<u>£619</u>	<u>£25,483</u>	<u>£26,102</u>

# ABACUS LAWRENCE GROUP LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 12 Fixed asset investments - company

	<u>Subsidiaries</u>	<u>Total</u>
<u>Cost</u>		
At 1 January 2011 and at 31 December 2011	<u>2,151,140</u>	<u>2,151,140</u>
<u>Net book value :</u>		
As at 31 December 2011	<u>£2,151,140</u>	<u>£2,151,140</u>
As at 31 December 2010	<u>£2,151,140</u>	<u>£2,151,140</u>

#### Subsidiaries

The company owns 100.0% of Abacus Playgrounds Limited, a company incorporated in England and Wales. The principal activity of that company is that of safety surfacing.

The company owns 100.0% of Lawrenco PT Limited, a company incorporated in England and Wales. The principal activity of that company is that of non trading holding company.

The company owns 100.0% of Playtop Limited, a company incorporated in England and Wales. The principal activity of that company is that of safety surfacing.

### 13 Stocks

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Raw materials and consumables	182,879	208,498	-	-
Work-in-progress	55,392	-	-	-
	<u>£238,271</u>	<u>£208,498</u>	<u>£-</u>	<u>£-</u>

### 14 Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Trade debtors	825,005	885,840	-	-
Amounts owed by group undertakings	-	-	430,349	-
Prepayments and accrued income	56,028	39,874	1,500	1,415
	<u>£881,033</u>	<u>£925,714</u>	<u>£431,849</u>	<u>£1,415</u>

# **ABACUS LAWRENCE GROUP LIMITED**

## **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **15 Creditors : amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Bank loans and overdrafts	300,053	313,352	245,500	313,352
Obligations under finance leases and hire purchase contracts	32,879	74,361	-	-
Trade creditors	334,517	356,603	1,822	1,712
Amounts owed to group undertakings	-	-	1,030,224	367,809
Directors loan accounts	3,238	31,913	3,238	31,913
Corporation tax	149,244	204,902	68,804	53,970
Other taxation and social security	104,597	146,203	80,173	116,996
Accruals and deferred income	115,821	147,638	16,222	14,604
	<u>£1,040,349</u>	<u>£1,274,972</u>	<u>£1,445,983</u>	<u>£900,356</u>

The bank borrowings are secured by a debenture over the assets of the group, together with a first legal charge over the group's freehold properties and a personal guarantee, limited to £100,000 from Mr G W Rodwell.

Finance lease and hire purchase contracts are secured on the assets concerned.

### **16 Creditors : amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Bank loans and overdrafts	449,500	695,000	449,500	695,000
Obligations under finance leases and hire purchase contracts	24,481	53,619	-	-
Directors loan accounts	80,000	100,000	80,000	100,000
Other creditors	165,552	128,074	165,552	128,074
	<u>£719,533</u>	<u>£976,693</u>	<u>£695,052</u>	<u>£923,074</u>

Maturity of the above financial liabilities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
On demand or within one year	306,543	43,207	245,500	5,352
Between one and two years	130,870	570,205	80,000	537,500
Between two and five years	-	57,420	-	-
After five years	449,500	565,500	449,500	565,500
	<u>£886,913</u>	<u>£1,236,332</u>	<u>£775,000</u>	<u>£1,108,352</u>

# **ABACUS LAWRENCE GROUP LIMITED**

## **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **16 Creditors : amounts falling due after more than one year (continued)**

The directors loan account, the aggregate total of which amounts to £80,000 is repayable in one instalment, after 1st July 2013 and is unsecured. The interest on this loan is consistent with the rate on the bank loans.

Other creditors comprises dividends declared on the B ordinary shares that do not fall for payment until after 1st July 2013.

### **17 Maturity profile of finance lease and hire purchase contracts**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
On demand or within one year	35,712	79,050	-	-
Between one and two years	25,170	39,195	-	-
Between two and five years	-	19,250	-	-
	<u>60,882</u>	<u>137,495</u>	<u>-</u>	<u>-</u>
Interest and finance charges relating to future periods	(3,522)	(9,515)	-	-
	<u>£57,360</u>	<u>£127,980</u>	<u>£-</u>	<u>£-</u>

Finance leases and hire purchase contracts are repayable by instalments and have a fixed interest rate for each contract between 5% and 7.5%

### **18 Provisions for liabilities and charges**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
At 1 January 2011	14,332	5,557	-	-
Charged to profit and loss account	24,036	8,775	-	-
At 31 December 2011	<u>£38,368</u>	<u>£14,332</u>	<u>£-</u>	<u>£-</u>

Deferred tax is provided as follows:

Accelerated capital allowances	38,368	14,332	-	-
Provision for deferred tax	<u>£38,368</u>	<u>£14,332</u>	<u>£-</u>	<u>£-</u>

# **ABACUS LAWRENCE GROUP LIMITED**

## **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **19 Share capital**

	<b>2011</b>	<b>2010</b>
<u>Allotted, called up and fully paid:</u>		
700 A Ordinary shares of £1.00 each	700	700
200 B Ordinary shares of £1.00 each	200	200
100 C Ordinary shares of £1.00 each	100	100
	<u>£1,000</u>	<u>£1,000</u>

### **20 Profit and loss account**

	<b>Group</b>	<b>Company</b>
At 1 January 2011	1,738,570	328,125
Profit for the financial year	384,782	374,277
Dividends paid on equity shares	(257,715)	(257,715)
At 31 December 2011	<u>£1,865,637</u>	<u>£444,687</u>

The company has taken advantage of the exemption contained in Section 408 of the Companies Act 2006 not to present its own profit and loss account.

### **21 Shareholders funds**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Profit for the financial year after taxation	384,782	455,942	374,277	156,854
Dividends paid on equity shares	(257,715)	(302,231)	(257,715)	(302,231)
Net addition to / (reduction in) shareholders funds	127,067	153,711	116,562	(145,377)
Opening shareholders funds	1,739,570	1,585,859	329,125	474,502
Closing shareholders funds	<u>£1,866,637</u>	<u>£1,739,570</u>	<u>£445,687</u>	<u>£329,125</u>

**ABACUS LAWRENCE GROUP LIMITED**

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**22 Reconciliation of operating profit to operating cash flows**

	<b>2011</b>	<b>2010</b>
Operating profit	590,937	701,734
Depreciation, amortisation and impairment charges	192,974	240,029
Loss on disposal of fixed assets	24,910	3,098
(Increase) / Decrease in stocks	(29,773)	14,959
Decrease in debtors	44,681	399,838
Decrease in creditors	(105,181)	(218,800)
Increase in provisions	-	8,775
Net cash inflow from operating activities	<u>£718,548</u>	<u>£1,149,633</u>

**23 Return on investments and servicing of finance**

	<b>2011</b>	<b>2010</b>
Interest received	-	2,435
Release of grant	2,312	8,309
Interest paid	(30,121)	(33,632)
Interest element of finance lease and hire purchase contracts	(6,591)	(9,227)
Net cash outflow	<u>(£34,400)</u>	<u>(£32,115)</u>

**24 Taxation**

	<b>2011</b>	<b>2010</b>
Corporation tax paid	(204,902)	(329,159)
Net cash outflow	<u>(£204,902)</u>	<u>(£329,159)</u>

**25 Capital expenditure and financial investment**

	<b>2011</b>	<b>2010</b>
Purchase of tangible fixed assets	(31,392)	(6,755)
Sale of tangible fixed assets	66,643	27,046
Net cash inflow	<u>£35,251</u>	<u>£20,291</u>

**ABACUS LAWRENCE GROUP LIMITED**

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**26 Financing**

	<b>2011</b>	<b>2010</b>
New borrowings	-	1,080,000
Capital repayment of borrowings	(308,000)	(1,352,515)
Capital repayment of finance lease and hire purchase contracts	(70,620)	(129,718)
Net cash outflow	<u>(£378,620)</u>	<u>(£402,233)</u>

**27 Analysis of net debt**

	<u>At 1 January 2011</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>	<u>At 31 December 2011</u>
Cash at bank and in hand	129,996	(72,637)	-	57,359
Overdraft	(5,352)	(49,201)	-	(54,553)
Cash	<u>124,644</u>	<u>(121,838)</u>	<u>-</u>	<u>2,806</u>
Debt due within one year	(308,000)	308,000	(245,500)	(245,500)
Debt due after one year	(695,000)	-	245,500	(449,500)
Hire purchase contracts and finance leases	(127,980)	70,620	-	(57,360)
Debt	<u>(1,130,980)</u>	<u>378,620</u>	<u>-</u>	<u>(752,360)</u>
Net debt	<u>(£1,006,336)</u>	<u>£256,782</u>	<u>£-</u>	<u>(£749,554)</u>

**28 Reconciliation of net debt**

	<b>2011</b>	<b>2010</b>
Cash (decrease) / increase	(121,838)	166,417
Cash inflow from increase in debt	378,620	402,233
Change in net funds resulting from cash flows	<u>256,782</u>	<u>568,650</u>
Non cash changes in net debt	-	(91,436)
Movement in net debt	256,782	477,214
Opening net debt	(1,006,336)	(1,483,550)
Closing net debt	<u>(£749,554)</u>	<u>(£1,006,336)</u>

# ABACUS LAWRENCE GROUP LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 29 Financial commitments

At the balance sheet date, the company had annual commitments under non-cancellable operating leases which expire as follows:

	2011	2010
<u>Land and buildings</u>		
Between two and five years	12,000	12,000
After five years	36,000	36,000
	<u>£48,000</u>	<u>£48,000</u>
	2011	2010
<u>Other</u>		
Within one year	11,917	10,505
Between two and five years	-	11,917
After five years	112,500	112,500
	<u>£124,417</u>	<u>£134,922</u>

### 30 Contingent liability

The company has given cross guarantees to its bank in respect of group borrowings.

### 31 Related party transactions

The following related party transactions took place during the year. All transactions were carried out at arms length and in normal course of the business.

During the year, the company charged management charges of £530,000 (2010: £480,000) to its subsidiary undertaking Abacus Playgrounds Limited. At the balance sheet date Abacus Lawrence Group Limited was owed £430,349 (2010: Creditor £50,314) from Abacus Playgrounds Limited.

During the year, the company charged management charges of £20,000 (2010: £20,000) to its subsidiary undertaking Playtop Limited. At the balance sheet date Abacus Lawrence Group Limited owed £1,030,224 (2010: £317,419) to Playtop Limited.

Dividends were paid to the following directors:

	2011	2010
G W Rodwell	£125,237	£145,000
M J White	<u>£95,000</u>	<u>£95,000</u>

### 32 Controlling party

Mr G W Rodwell, a director of the company, has control of the company as a result of controlling, directly or indirectly, 70% of the issued share capital of the company