

Registration Number NI 19384

Abbey Centre Limited and its subsidiaries

Directors' report and financial statements

for the year ended 31 July 2011



Abbey Centre Limited and its subsidiaries

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Abbey Centre Limited and its subsidiaries

Directors and other information

Directors	I. McCullough S. Hamill P. Buchanan P. Henry
Secretary	S. Hamill
Company number	NI 19384
Registered office	23/25 Queen Street Coleraine BT52 1BG
Auditors	BDO Statutory Auditor Beaux Lane House Mercer Street Lower Dublin 2
Bankers	Ulster Bank Plc 54 Boucher Road Belfast BT12 6HR
Solicitors	Carson McDowell Murray House Murray Street Belfast BT1 6HS

Abbey Centre Limited and its subsidiaries

Directors' Report for the year ended 31 July 2011

The directors present their report together with the audited financial statements of the group for the year ended 31 July 2011.

Principal activity and review of the business

The group's principal activity continues to be the holding of property for investment. The group has performed satisfactorily in difficult market conditions. The directors anticipate that the trading conditions will remain difficult throughout the current financial year but believe that the group will continue to perform at a satisfactory level.

Results, dividends and state of affairs

The loss for the year after providing for taxation amounted to £49,032,920 (2010 : £866,787). During the year the group paid a dividend of £96,192 (2010 : £96,192).

Post balance sheet events

There have been no post balance sheet events since the year end.

Principal risks and uncertainties

The Directors consider the slowdown in economic activity, the continuing downturn in the property market and continuing availability of bank funding as the principal risk factors facing the group. Directors and management regularly review, reassess and proactively manage the associated risks.

Future developments

The directors do not anticipate any changes in the nature of the business.

Directors and secretary and their interests

The directors and secretary who served on the board during the year, none of whom had a beneficial interest in the called up share capital of the company, were as follows:

I. McCullough
S. Hamill
P. Buchanan
P. Henry

There were no changes in shareholdings between 31 July 2011 and the date of signing of the financial statements.

Auditors

BDO are deemed to be reappointed under section 487 (2) of the Companies Act 2006.


Abbey Centre Limited and its subsidiaries

**Directors' Report
for the year ended 31 July 2011**

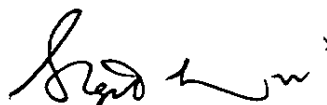
Registered office

The Registered office is 23/25 Queen Street, Coleraine, BT52 1BG.

Approved on behalf of the board



P. Henry
Director



S. Hamill
Director

Date: 27 April 2012

Abbey Centre Limited and its subsidiaries

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.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss for that year. In preparing these financial statements the directors are required to:

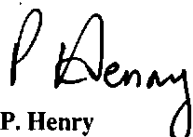
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



P. Henry
Director



S. Hamill
Director

Date: 27 April 2012

**Independent auditors' report
to the members of Abbey Centre Limited and its subsidiaries**

We have audited the financial statements of Abbey Centre Limited and its subsidiaries on pages 7 to 21 which comprise the consolidated Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the consolidated Balance Sheet, the company Balance Sheet, 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 group's members, as a body, in accordance with Section 495 and 496 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 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 group and the group'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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 company's circumstances, consistently applied and adequately disclosed.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of affairs of the group and parent company's affairs at 31 July 2011, and of the results of the year then ended;
- and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Other Offices:

Four Michael Street
Limerick

The Red Church
Henry Street
Limerick

Katharine Byrne
Maurice Carr
Michael Costello
Kevin Doyle

Chartered Accountants

John Gilmor Gavin
Jim Hamilton
Sinead Heaney
Diarmuid Hendrick

Gerard Holliday
Teresa Morahan
Paul Nestor
John O'Callaghan
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Derry Gray (Managing Partner)
Peter Carroll
Eddie Doyle
Stewart Dunne
Ivor Feerick
Alan Flynn
Brian Gartlan
David Giles

Denis Herlihy
David McCormick
Evin McLoughlin
Ciarán Medlar
David O'Connor
Michelle O'Keefe
Peter O'Neill
Noel Taylor



Independent auditors' report to the members of Abbey Centre Limited and its subsidiaries (continued)

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern, continuing bank support and the carrying value of fixed assets. Note 1 to the financial statements indicates the existence of uncertainties which may cast doubt about the Group's ability to continue as a going concern, continuing bank support and the carrying value of the Group's fixed assets. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern and our opinion is not qualified with respect to this matter.

Opinion on matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Michael Costello'.

Michael Costello (Senior Statutory Auditor)

For and on behalf of BDO

Statutory Auditor

Dublin, Ireland.

27 April 2012

Abbey Centre Limited and its subsidiaries

**Consolidated Profit and Loss Account
for the year ended 31 July 2011**

	Notes	2011 £	2010 £
Rental and other income		16,934,756	16,704,374
Car park income		958,613	901,872
Administrative expenses		(2,451,364)	(3,700,294)
Car park costs		(424,342)	(418,361)
Operating profit		15,017,663	13,487,591
Exceptional item	3	(51,626,426)	(985,248)
(Loss)/profit on ordinary activities before interest	4	(36,608,763)	12,502,343
Interest payable and similar charges	5	(11,786,917)	(11,874,336)
Interest receivable and similar income	6	11,841	29,101
(Loss)/profit on ordinary activities before taxation		(48,383,839)	657,108
Tax on (loss)/profit on ordinary activities	7	(649,081)	209,679
(Loss)/profit for the financial year		(49,032,920)	866,787
Dividends	8	(96,192)	(96,192)
Retained (loss)/profit for the year		(49,129,112)	770,595

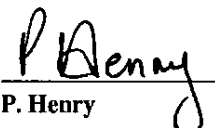
Statement of total recognised gains and losses

	2011 £	2010 £
(Loss)/profit for the financial year	(49,032,920)	866,787
Movement on revaluation of investment property	(29,185,365)	(8,668,357)
Currency translation differences on foreign currency net investment	(320,419)	453,890
Total recognised losses relating to the year	(78,538,704)	(7,347,680)

All income is derived from the continuing operations.

The notes on pages 11 - 20 form part of these financial statements.

Authorised and approved for issue by the board on 27 April 2012


P. Henry
Director


S. Hamill
Director

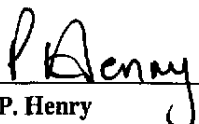
Abbey Centre Limited and its subsidiaries

Consolidated Balance Sheet as at 31 July 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	10	225,342,042	317,209,296
Goodwill	12	-	1,038,187
		<u>225,342,042</u>	<u>318,247,483</u>
Current assets			
Stocks	14	174,980	363,209
Debtors	15	3,916,934	4,316,741
Cash at bank and in hand		3,031,183	1,609,186
		<u>7,123,097</u>	<u>6,289,136</u>
Creditors: amounts falling due within one year	16	<u>(267,360,805)</u>	<u>(17,408,739)</u>
Net current liabilities		<u>(260,237,708)</u>	<u>(11,119,603)</u>
Total assets less current liabilities		<u>(34,895,666)</u>	<u>307,127,880</u>
Creditors: amounts falling due after more than one year	17	<u>-</u>	<u>(263,388,650)</u>
Net (liabilities)/assets		<u><u>(34,895,666)</u></u>	<u><u>43,739,230</u></u>
Capital and reserves			
Called up share capital	19	7,200	7,200
Revaluation reserve	20	25,289,089	54,474,454
Profit and loss account	20	(60,191,955)	(10,742,424)
Shareholders' (deficit)/funds	20	<u><u>(34,895,666)</u></u>	<u><u>43,739,230</u></u>

The notes on pages 11 - 20 form part of these financial statements.

Authorised and approved for issue by the board on 27 April 2012


P. Henry
Director


S. Hamill
Director

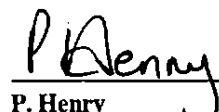
Abbey Centre Limited and its subsidiaries

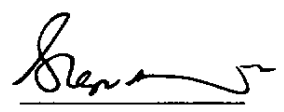
Company Balance Sheet as at 31 July 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	11	78,310,000	102,300,000
Investments	13	54	54
		<u>78,310,054</u>	<u>102,300,054</u>
Current assets			
Debtors	15	1,424,883	1,985,051
Cash at bank and in hand		10	7
		<u>1,424,893</u>	<u>1,985,058</u>
Creditors: amounts falling due within one year	16	<u>(43,128,394)</u>	<u>(4,130,624)</u>
Net current liabilities		<u>(41,703,501)</u>	<u>(2,145,566)</u>
Total assets less current liabilities		36,606,553	100,154,488
Creditors: amounts falling due after more than one year	17	-	<u>(40,000,000)</u>
Net assets		<u>36,606,553</u>	<u>60,154,488</u>
Capital and reserves			
Called up share capital	19	7,200	7,200
Revaluation reserve	20	25,289,089	49,386,683
Profit and loss account	20	11,310,264	10,760,605
Shareholders' funds	20	<u>36,606,553</u>	<u>60,154,488</u>

The notes on pages 11 - 20 form part of these financial statements.

Authorised and approved for issue by the board on 27 April 2012


P. Henry
 Director


S. Hamill
 Director

Abbey Centre Limited and its subsidiaries

Cash Flow Statement for the year ended 31 July 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	25	10,079,810	6,209,763
Returns on investments and servicing of finance			
Interest paid		(11,786,917)	(11,874,336)
Interest received		11,841	29,101
Taxation			
Corporation tax paid		(316,161)	(223,742)
Capital expenditure			
Sale of tangible assets		14,933,425	
Purchase of tangible assets		(331,621)	(1,728,901)
Dividends paid		(96,192)	(96,192)
Increase in long term debt		-	8,250,000
Loans repaid during the year		(9,250,000)	(1,487,745)
Increase/(decrease) in cash	27	<u>3,244,185</u>	<u>(922,052)</u>

Abbey Centre Limited and its subsidiaries

Notes to the Financial Statements for the year ended 31 July 2011

1. Accounting policies

1.1. Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards and with the Companies Act 2006.

The ability of the Group to continue to trade is dependent upon the continuing support of the Group's bankers, Ulster Bank. Banking facilities have been extended to 30 August 2013 with £1,750,000 due to be repaid by the group no later than 31 July 2012, and Abbey Centre Limited and its subsidiaries have passed special resolutions on foot of bank renegotiations to put in place an Omnibus Guarantee and Set-Off Agreement. The directors are of the opinion that the Group will continue to trade profitably notwithstanding the net liabilities position at the year end which has arisen from the unrealised impairment of the fixed assets. The group is also in breach of its banking covenants and, as set out in note 18 the borrowings could be recalled by the bank.

At 31 July 2011 the group had fixed assets with a carrying value of £225,342,042 after adjusting for currency translation of £3,695,217 (31 July 2010 : £317,209,296). The economic environment, in particular the downturn on the property market creates an uncertainty about the appropriateness of the carrying value of the fixed assets. The directors have considered in detail the carrying value of each investment property and are satisfied that no further diminution in value is required other than as provided for in note 10.

On the basis of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern, if the Group's bankers did not continue their support or if there was a further diminution in the value of fixed assets.

1.2. Consolidated accounts

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to 31 July 2011.

The results of the subsidiary undertaking acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributable to the identifiable net assets acquired. The group's accounting policy in relation to goodwill is set out below.

1.3. Investment in subsidiaries

Investment in subsidiaries is shown at fair value less any provisions for permanent diminutions in value.

1.4. Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of a business and the aggregate fair value of the separate net assets acquired. Goodwill is amortised over the expected useful economic life of 2 years.

Abbey Centre Limited and its subsidiaries

Notes to the Financial Statements for the year ended 31 July 2011

1.5. Investment property

This is stated at its open market value at the year end as valued by the directors.

Revaluation gains are recognised in the profit and loss account (after adjustment for subsequent depreciation) to the extent that they reverse revaluation losses on the same assets that were previously recognised in the profit and loss account. All other revaluation gains are recognised in the statement of total recognised gains and losses. Revaluation losses caused by a clear consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount reaches its depreciated historical cost. Beyond this the loss is recognised in the profit and loss account, except where the recoverable amount of the asset is greater than its revalued amount. Then the loss is recognised in the statement of total recognised gains and losses to the extent that the recoverable amount is greater than its revalued amount.

In accordance with SSAP 19, depreciation is not provided on this asset. This treatment is a departure from the requirement under Company Law to provide depreciation on all fixed assets, which have a limited useful economic life. The accounting policy adopted is necessary for the financial statements to give a true and fair view.

1.6. Foreign currencies

Transactions during the year are translated at the rate of exchange ruling at the date of the transaction or at a contracted rate where applicable. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at forward contract rates where applicable and differences arising are dealt with in the profit and loss account.

1.7. Stock

Stock which comprises land and related development expenditure, is valued at the lower of cost and net realisable value.

1.8. Taxation

Current tax is provided on the company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised on all timing differences where the transaction or event that gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred taxation is measured using rates of tax that have been enacted by the balance sheet date. Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into.

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

2. Turnover

Turnover represents the total invoice value of rental and other property income made during the year excluding VAT. Turnover derives from the continuing operations of the company.

3. Exceptional item

	2011	2010
	£	£
Revaluation of investment property	51,626,426	278,558
Surrender premium	-	706,690
	<u>51,626,426</u>	<u>985,248</u>

4. Operating profit

	2011	2010
	£	£
The operating profit is stated after charging:		
Goodwill amortised	1,038,187	1,038,187
Auditors' remuneration	35,000	35,000
Exchange differences	1,366	6,234
	<u>1,074,553</u>	<u>1,079,421</u>

5. Interest payable and similar charges

	2011	2010
	£	£
Bank interest and charges	13,459	123,329
Interest on loans	11,773,458	11,751,007
	<u>11,786,917</u>	<u>11,874,336</u>

6. Interest receivable and similar income

	2011	2010
	£	£
Bank interest	8,770	9,962
Other interest	3,071	19,139
	<u>11,841</u>	<u>29,101</u>

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

7. Tax on profit on ordinary activities

	2011	2010
	£	£
Corporation tax	671,842	380,084
Prior year tax	(22,761)	(589,763)
	<u>649,081</u>	<u>(209,679)</u>

The reconciliation of current tax on results on ordinary activities at the standard rate of corporation tax to the company's actual tax charge is analysed as follows:

(Loss)/profit on ordinary activities before taxation	<u>(48,383,839)</u>	<u>657,108</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax 28%	(13,547,475)	183,990
Effects of:		
Items not allowable for tax purposes	<u>14,219,317</u>	<u>196,094</u>
	<u>671,842</u>	<u>380,084</u>

8. Dividends

	2011	2010
	£	£
<i>Dividends on ordinary shares:</i>		
Dividend of £13.36 (2010 : £13.36) per share	<u>96,192</u>	<u>96,192</u>

9. Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £645,851 (2010 - loss £4,053,815 which is dealt with in the financial statements of the parent company).

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

10. Tangible assets - investment property - group	2011	2010
	£	£
At beginning of year - at valuation	317,209,296	310,690,713
Additions - at cost	331,621	1,728,901
On acquisition	-	15,000,000
Disposal	(14,933,425)	-
	<u>302,607,492</u>	<u>327,419,614</u>
Movement on revaluation	(80,960,667)	(8,946,915)
Foreign currency translation	3,695,217	(1,263,403)
At end of year - at valuation	<u>225,342,042</u>	<u>317,209,296</u>
11. Tangible assets - investment property - company	2011	2010
	£	£
At beginning of year - at valuation	102,300,000	102,300,000
Additions - at cost	107,594	409,478
Movement on revaluation	(24,097,594)	(409,478)
At end of year - at valuation	<u>78,310,000</u>	<u>102,300,000</u>
12. Goodwill		Total
		£
Cost		
At 1 August 2010		1,038,187
Amortised during the year		(1,038,187)
At 31 July 2011		<u>-</u>
Net book values		
At 31 July 2011		<u>-</u>
At 31 July 2010		<u>1,038,187</u>

On 1 August 2009, the Company acquired the entire issued share capital of Blanca Developments Limited for a consideration of £48, par value of the issued share capital.

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

13. Investments - subsidiary companies - company	2011	2010
	£	£
At beginning and end of year	<u>54</u>	<u>54</u>

Details of subsidiaries at the year end are as follows:

	Country of Incorporation	Principal Activity	% Holding
Gavlin Limited	Northern Ireland	Property investment	100%
Mearns Cross Shopping Centre Limited	Scotland	Property investment	100%
Blanca Developments Limited	Northern Ireland	Property investment	100%
Ferna Developments Limited	Northern Ireland	Investment holding	100%
Calderford Limited *	Republic of Ireland	Investment holding	100%
Marshes Shopping Centre Limited *	Republic of Ireland	Property investment	100%

* Held indirectly through Ferna Developments Limited

14. Stocks - group	2011	2010
	£	£
Development property	<u>174,980</u>	<u>363,209</u>

15. Debtors: amounts falling due within one year	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade and other debtors	2,515,334	2,459,424	277,295	420,538
Other debtors	949,804	1,446,188	190,182	231,849
Prepayments	328,913	219,009	188,635	58,861
Corporation tax recoverable	39,803	56,109	-	55,148
VAT recoverable	83,080	136,011	36,550	66,757
Amounts due from related companies (note 24)	-	-	732,221	1,151,898
	<u>3,916,934</u>	<u>4,316,741</u>	<u>1,424,883</u>	<u>1,985,051</u>

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

16. Creditors: amounts falling due within one year	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade and other creditors	4,542,584	5,499,748	629,926	692,484
Bank loan (secured)	259,678,650	1,000,000	40,000,000	-
Bank overdraft (secured)	903,093	2,725,281	718,363	1,572,851
Amounts due to related companies (note 24)	1,219,132	7,577,632	1,219,132	1,619,132
VAT payable	689,025	594,371	295,983	246,157
Corporation tax payable	328,321	11,707	264,990	-
	<u>267,360,805</u>	<u>17,408,739</u>	<u>43,128,394</u>	<u>4,130,624</u>

17. Creditors: amounts falling due after more than one year	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loan (secured)				
- Due between two and five years	- 263,388,650		- 40,000,000	
	<u>- 263,388,650</u>		<u>- 40,000,000</u>	

18. Bank security

Bank loans totalling £259,678,650 are secured by the following:

- a first fixed charge over the properties held by the Group.
- an omnibus guarantee and set-off agreement between Abbey Centre Limited, Mearns Cross Shopping Centre Limited, Gavlin Limited, Marshes Shopping Centre Limited, Ferna Developments Limited and Calderford Limited.
- all rental income to be mandated in favour of the Bank.

The loan to value ratio is below the level specified in the loan agreement. This is in breach of the loan covenant and therefore the bank has the right to call in the loan in full at any time. As the directors are in negotiations with the bank at the date of signing these financial statements they do not believe that the bank will enforce this.

19. Called up share capital - group and company	2011	2010
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
7,200 Ordinary shares of £1 each	<u>7,200</u>	<u>7,200</u>

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

20. Reconciliation of movements in shareholders' funds and reserves - group

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance, beginning of year	7,200	54,474,454	(10,742,424)	43,739,230
Loss for the year	-	-	(49,032,920)	(49,032,920)
Dividends	-	-	(96,192)	(96,192)
Revaluation of investment property	-	(29,185,365)	-	(29,185,365)
Foreign currency translation adjustment	-	-	(320,419)	(320,419)
Balance, end of year	<u>7,200</u>	<u>25,289,089</u>	<u>(60,191,955)</u>	<u>(34,895,666)</u>

20. Reconciliation of movements in shareholders' funds - company

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance, beginning of year	7,200	49,386,683	10,760,605	60,154,488
Loss for the year	-	-	645,851	645,851
Dividends	-	-	(96,192)	(96,192)
Revaluation of investment property	-	(24,097,594)	-	(24,097,594)
Balance end of year	<u>7,200</u>	<u>25,289,089</u>	<u>11,310,264</u>	<u>36,606,553</u>

22. Contingent liabilities

The group had no contingent liabilities at the year end.

23. Post balance sheet events

There have been no post balance sheet events since the year end.

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
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24. Related party transactions

The movement on related party loans to companies outside the Group and the balance outstanding at the beginning and end of the year is as follows:

	As at		As at
	31 July 2010	Movement	31 July 2011
	£	£	£
Due to related parties			
Milestone Trust Limited	3,788,816	(3,179,250)	609,566
McLaughlin & Harvey Limited	3,788,816	(3,179,250)	609,566
	<u>7,577,632</u>	<u>(6,358,500)</u>	<u>1,219,132</u>

The above companies are related by common directors and shareholders.

25. Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating (loss)/profit	(36,608,763)	12,502,343
Foreign exchange differences on net investment	(320,419)	453,890
Amortisation of goodwill	1,038,187	1,038,187
Other movements	51,626,426	278,558
Increase in stocks	-	8,608
Decrease in debtors	383,501	3,495,728
Inrease in creditors	319,378	(11,567,551)
	<u>16,438,310</u>	<u>6,209,763</u>

Abbey Centre Limited and its subsidiaries

**Notes to the Financial Statements
for the year ended 31 July 2011**

26. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other movement £	Closing balance £
Cash at bank and in hand	1,609,186	1,421,997	-	3,031,183
Bank overdrafts	(2,725,281)	1,822,188	-	(903,093)
Bank loans	(264,388,650)	9,250,000	(4,540,000)	(259,678,650)
	<u>(265,504,745)</u>	<u>12,494,185</u>	<u>(4,540,000)</u>	<u>(257,550,560)</u>

27. Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase/(decrease) in cash in the year	3,244,185	(922,052)
Cash inflow from financing	9,250,000	(6,762,253)
Other movement	(4,540,000)	1,263,403
	<u>7,954,185</u>	<u>(6,420,902)</u>
Net debt at beginning of year	(265,504,745)	(259,083,843)
Net debt at end of year	<u>(257,550,560)</u>	<u>(265,504,745)</u>

28. Approval of financial statements

The financial statements were authorised for issue and approved by the board on 27 April 2012.