

Registration Number NI 19384

Abbey Centre Limited and its subsidiaries  
Directors' report and financial statements  
for the year ended 31 July 2012



## **Abbey Centre Limited and its subsidiaries**

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## **Abbey Centre Limited and its subsidiaries**

### **Directors and other information**

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

## **Abbey Centre Limited and its subsidiaries**

### **Directors' Report for the year ended 31 July 2012**

The directors present their report together with the audited financial statements of the group for the year ended 31 July 2012.

#### **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 profit for the year after providing for taxation amounted to £3,386,354 (2011 : loss £49,032,920). During the year the group paid a dividend of £96,192 (2011 : £96,192).

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

There have been no significant events since the year end, which would have an impact on the financial position at 31 July 2012.

#### **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 2012 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 2012**

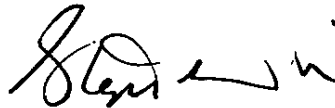
**Registered office**

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

Approved on behalf of the board



**P. Henry**  
Director



**S. Hamill**  
Director

Date: 25 April 2013

## **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:

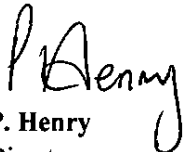
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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: 25 April 2013

**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 20 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2012, 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

Katharine Byrne  
Maurice Carr  
Michael Costello  
Kevin Doyle  
John Gilmor Gavin

Jim Hamilton  
Sinead Heaney  
Diarmuid Hendrick  
Liam Hession  
Gerard Holtiday

Ken Kilmartin  
Teresa Morahan  
Paul Nestor  
John O'Callaghan  
Con Quigley

Derry Gray (Managing Partner)  
Peter Carroll  
Eddie Doyle  
Stewart Dunne  
Ivor Feerick  
Alan Flynn  
Brian Gartlan  
David Giles  
Denis Hertlhy

David McCormick  
Brian McEnery  
Evin McLoughlin  
Ciarán Medlar  
David O'Connor  
Michelle O'Keefe  
Peter O'Neill  
Patrick Sheehan  
Noel Taylor

Chartered Accountants



**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.

25 April 2013



**Abbey Centre Limited and its subsidiaries**

**Consolidated Profit and Loss Account  
for the year ended 31 July 2012**

	Notes	2012 £	2011 £
Rental and other income		17,919,503	17,893,369
Operating expenses		(2,156,817)	(2,875,706)
<b>Operating profit</b>	<b>3</b>	<b>15,762,686</b>	<b>15,017,663</b>
Exceptional item	<b>4</b>	-	(51,626,426)
<b>Profit/(loss) on ordinary activities before interest</b>		<b>15,762,686</b>	<b>(36,608,763)</b>
Interest payable and similar charges	<b>5</b>	(11,749,665)	(11,786,917)
Interest receivable and similar income	<b>6</b>	11,567	11,841
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>4,024,588</b>	<b>(48,383,839)</b>
Tax on profit/(loss) on ordinary activities	<b>7</b>	(638,234)	(649,081)
<b>Profit/(loss) for the financial year</b>		<b>3,386,354</b>	<b>(49,032,920)</b>

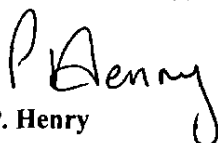
**Statement of total recognised gains and losses**

	2012 £	2011 £
<b>Profit/(loss) for the financial year</b>	<b>3,386,354</b>	<b>(49,032,920)</b>
Movement on revaluation of investment property	(42,284)	(29,185,365)
Currency translation differences on foreign currency net investment	3,384,102	(320,419)
<b>Total recognised gains/(losses) relating to the year</b>	<b>6,728,172</b>	<b>(78,538,704)</b>

All income is derived from continuing operations.

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

Authorised and approved for issue by the board on 25 April 2013

  
**P. Henry**  
Director

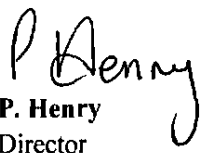
  
**S. Hamill**  
Director

**Abbey Centre Limited and its subsidiaries**  
**Consolidated Balance Sheet as at 31 July 2012**

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	9	220,944,007	225,342,042
<b>Current assets</b>			
Stocks	12	156,790	174,980
Debtors	13	3,373,143	3,916,934
Cash at bank and in hand		3,068,590	3,031,183
		<u>6,598,523</u>	<u>7,123,097</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(255,806,216)</u>	<u>(267,360,805)</u>
<b>Net current liabilities</b>		<u>(249,207,693)</u>	<u>(260,237,708)</u>
<b>Total assets less current liabilities</b>		<u>(28,263,686)</u>	<u>(34,895,666)</u>
<b>Capital and reserves</b>			
Called up share capital	16	7,200	7,200
Revaluation reserve	17	25,246,805	25,289,089
Profit and loss account	17	<u>(53,517,691)</u>	<u>(60,191,955)</u>
<b>Shareholders' deficit</b>	17	<u>(28,263,686)</u>	<u>(34,895,666)</u>

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

Authorised and approved for issue by the board on 25 April 2013

  
**P. Henry**  
 Director

  
**S. Hamill**  
 Director

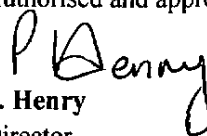
**Abbey Centre Limited and its subsidiaries**

**Company Balance Sheet as at 31 July 2012**

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	10	78,310,000	78,310,000
Investments	11	54	54
		<u>78,310,054</u>	<u>78,310,054</u>
<b>Current assets</b>			
Debtors	13	943,330	1,424,883
Cash at bank and in hand		5	10
		<u>943,335</u>	<u>1,424,893</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(42,686,626)</u>	<u>(43,128,394)</u>
<b>Net current liabilities</b>		<u>(41,743,291)</u>	<u>(41,703,501)</u>
<b>Total assets less current liabilities</b>		<u>36,566,763</u>	<u>36,606,553</u>
<b>Capital and reserves</b>			
Called up share capital	16	7,200	7,200
Revaluation reserve	18	25,246,805	25,289,089
Profit and loss account	18	11,312,758	11,310,264
<b>Shareholders' funds</b>	18	<u>36,566,763</u>	<u>36,606,553</u>

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

Authorised and approved for issue by the board on 25 April 2013

  
**P. Henry**  
Director

  
**S. Hamill**  
Director

**Abbey Centre Limited and its subsidiaries**

**Cash Flow Statement for the year ended 31 July 2012**

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	<b>22</b>	14,465,337	10,079,810
<b>Returns on investments and servicing of finance</b>			
Interest paid		(11,749,665)	(11,786,917)
Interest received		11,567	11,841
<b>Taxation</b>			
Corporation tax paid		(618,875)	(316,161)
<b>Capital expenditure</b>			
Sale of tangible assets		46,077	14,933,425
Purchase of tangible assets		(87,562)	(331,621)
<b>Dividends paid</b>		(96,192)	(96,192)
Loans repaid during the year		(2,061,723)	(9,250,000)
<b>(Decrease)/increase in cash</b>	<b>24</b>	<u>(91,036)</u>	<u>3,244,185</u>

## **Abbey Centre Limited and its subsidiaries**

### **Notes to the Financial Statements for the year ended 31 July 2012**

#### **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.

At 31 July 2012 the Group had net liabilities of £28,263,686 (31 July 2011 : net liabilities of £34,895,666). The ability of the Group to continue to trade is dependent upon the continuing support of the Group's bankers, Ulster Bank. 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. These banking facilities are due to expire on 30 August 2013. The Group is also in breach of its banking covenants and as set out in note 15, the borrowings could be recalled by the bank. The directors have forecasted sufficient cash flows to meet current banking payments due, both capital and interest for at least the next 12 months. On this basis they are of the opinion that banking facilities will be extended on mutually acceptable terms. 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.

At 31 July 2012 the group had fixed assets with a carrying value of £220,944,007 after adjusting for currency translation of £4,351,958 (31 July 2011 : £225,342,042). 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, and detailed in note 9.

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 2012.

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.

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

**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.

**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.

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

**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.

**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.

<b>3. Operating profit</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
The operating profit is stated after charging:		
Goodwill amortised	-	1,038,187
Auditors' remuneration	35,000	35,000
	<u>          </u>	<u>          </u>

<b>4. Exceptional item</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Revaluation of investment property	-	51,626,426
	<u>          </u>	<u>          </u>

<b>5. Interest payable and similar charges</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank interest and charges	10,540	13,459
Interest on loans	11,739,125	11,773,458
	<u>          </u>	<u>          </u>
	<u>11,749,665</u>	<u>11,786,917</u>

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

<b>6. Interest receivable and similar income</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank interest	11,526	8,770
Other interest	41	3,071
	<u>11,567</u>	<u>11,841</u>

<b>7. Tax on profit on ordinary activities</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Corporation tax	638,234	671,842
Prior year tax	-	(22,761)
	<u>638,234</u>	<u>649,081</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:

Profit/(loss) on ordinary activities before taxation	<u>4,024,588</u>	<u>(48,383,839)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax	1,019,428	(13,547,475)
<b>Effects of:</b>		
Items not allowable for tax purposes	(381,194)	14,219,317
	<u>638,234</u>	<u>671,842</u>

**8. 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 £98,686 (2011 - £645,851) 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 2012**

<b>9. Tangible assets - investment property - group</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At beginning of year - at valuation	225,342,042	317,209,296
Additions - at cost	62,587	331,621
Disposal	(46,077)	(14,933,425)
Movement on revaluation	(62,587)	(80,960,667)
Foreign currency translation adjustment	(4,351,958)	3,695,217
At end of year - at valuation	<u>220,944,007</u>	<u>225,342,042</u>
<b>10. Tangible assets - investment property - company</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At beginning of year - at valuation	78,310,000	102,300,000
Additions - at cost	43,484	107,594
Movement on revaluation	(43,484)	(24,097,594)
At end of year - at valuation	<u>78,310,000</u>	<u>78,310,000</u>
<b>11. Investments - subsidiary companies - company</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
At beginning and end of year	<u>54</u>	<u>54</u>

Details of subsidiaries at the year end are as follows:

	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>% Holding</b>
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

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

<b>12. Stocks - group</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Development property	<u>156,790</u>	<u>174,980</u>

<b>13. Debtors: amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade and other debtors	2,304,201	2,515,334	349,964	277,295
Other debtors	485,353	949,804	148,515	190,182
Prepayments	469,063	328,913	218,141	188,635
Corporation tax recoverable	93,334	39,803	-	-
VAT recoverable	21,192	83,080	21,192	36,550
Amounts due from related companies (note 21)	-	-	205,518	732,221
	<u>3,373,143</u>	<u>3,916,934</u>	<u>943,330</u>	<u>1,424,883</u>

<b>14. Creditors: amounts falling due within one year</b>	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade and other creditors	3,832,122	4,542,584	1,007,036	629,926
Bank loan (secured)	249,879,575	259,678,650	40,000,000	40,000,000
Bank overdraft (secured)	1,031,536	903,093	1,009,082	718,363
Amounts due to related companies (note 21)	-	1,219,132	-	1,219,132
VAT payable	661,772	689,025	269,299	295,983
Corporation tax payable	401,211	328,321	401,209	264,990
	<u>255,806,216</u>	<u>267,360,805</u>	<u>42,686,626</u>	<u>43,128,394</u>

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

**15. Bank security**

Bank loans totalling £249,879,575 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 believe that the bank will not enforce this.

<b>16. Called up share capital - group and company</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
7,200 Ordinary shares of £1 each	<u>7,200</u>	<u>7,200</u>

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

	<b>Called up share capital £</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Balance, beginning of year	7,200	25,289,089	(60,191,955)	(34,895,666)
Profit for the year	-	-	3,386,354	3,386,354
Dividends	-	-	(96,192)	(96,192)
Revaluation of investment property	-	(42,284)	-	(42,284)
Foreign currency translation adjustment	-	-	3,384,102	3,384,102
Balance, end of year	<u>7,200</u>	<u>25,246,805</u>	<u>(53,517,691)</u>	<u>(28,263,686)</u>

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

**18. Reconciliation of movements in shareholders' funds - company**

	<b>Called up share capital £</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Balance, beginning of year	7,200	25,289,089	11,310,264	36,606,553
Profit for the year	-	-	98,686	98,686
Dividends	-	-	(96,192)	(96,192)
Revaluation of investment property	-	(42,284)	-	(42,284)
Balance end of year	<u>7,200</u>	<u>25,246,805</u>	<u>11,312,758</u>	<u>36,566,763</u>

**19. Contingent liabilities**

The group had no contingent liabilities at the year end.

**20. Post balance sheet events**

There have been no significant events since the year end, which would have an impact on the financial position at 31 July 2012.

**21. Related party transactions**

The company is availing of the exemption under FRS 8 " Related party transactions" to disclose transactions with other members of the group as consolidated financial statements are publicly available.

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:

	<b>As at 31 July 2011 £</b>	<b>Movement £</b>	<b>As at 31 July 2012 £</b>
<b>Due to related parties</b>			
Milestone Trust Limited	609,566	(609,566)	-
McLaughlin & Harvey Limited	609,566	(609,566)	-
	<u>1,219,132</u>	<u>(1,219,132)</u>	<u>-</u>

The above companies are related by common directors and shareholders.

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
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**22. Reconciliation of operating profit/(loss) to net cash inflow from operating activities**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	15,762,686	(36,608,763)
Foreign exchange differences on net investment	-	(320,419)
Amortisation of goodwill	-	1,038,187
Other movements	20,303	51,626,426
Decrease in debtors	597,322	383,501
Inrease in creditors	(1,956,847)	319,378
	<u>14,423,464</u>	<u>16,438,310</u>

**23. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other movement</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	3,031,183	332,232	(294,825)	3,068,590
Bank overdrafts	(903,093)	(128,443)	-	(1,031,536)
Bank loans	(259,678,650)	1,750,000	8,049,075	(249,879,575)
	<u>(257,550,560)</u>	<u>1,953,789</u>	<u>7,754,250</u>	<u>(247,842,521)</u>

**24. Reconciliation of net cash flow to movement in net debt**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the year	203,789	3,244,185
Cash outflow from financing	1,750,000	9,250,000
Other movement	7,754,250	(4,540,000)
	<u>9,708,039</u>	<u>7,954,185</u>
Net debt at beginning of year	(257,550,560)	(265,504,745)
Net debt at end of year	<u>(247,842,521)</u>	<u>(257,550,560)</u>

**Abbey Centre Limited and its subsidiaries**

**Notes to the Financial Statements  
for the year ended 31 July 2012**

**25. Comparative amounts**

Comparative amounts have been regrouped, where necessary, on the same basis as those for the current year.

**26. Approval of financial statements**

The financial statements were authorised for issue and approved by the board on 25 April 2013.