

**Abstract 123 Limited
(formerly known as
EMD Drive Systems
Limited)**

Registered number 00886763

**Directors' report and
financial statements**

For the year ended 30 June 2010

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ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

COMPANY INFORMATION

Directors	J A C Levine (resigned 15 February 2011) S G Siggs
Company secretary	S Siggs
Company number	00886763
Registered office	490-492 Wallisdown Road Bournemouth BH11 8PU
Auditors	Mazars LLP Chartered Accountants & Statutory Auditors 8 New Fields 2 Stinsford Road Nuffield Poole Dorset BH17 0NF

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

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ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

The directors present their report and the financial statements for the year ended 30 June 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the 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 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 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 or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Principal activities

After the year end the company changed its name to Abstract 123 Limited.

The principal activity of the company continued to be the manufacture of small electric motors and geared units. Last year the company extended its year end to 30 June 2009 and as such the comparative figures in these accounts represent an 18 month period.

Business review

The financial year was a period of consolidation and stabilisation following the acquisition of the company and relocation of its operations in the previous year.

Despite the ongoing recession and the generally negative effect on UK manufacturing, our order book has recovered well and continues to grow strongly. We made a positive decision to increase investment in Design and Development and this is proving crucial in bringing new products to the market and attracting new customers in the UK and overseas. This is a fundamental aspect of our strategy for continued growth.

Sales showed an encouraging 10% increase on the previous 12 months. Margins came under significant pressure as USD exchange rates and commodity prices moved against us and this remains a key area of focus in the future.

The business and assets were hived up into the parent company, Parvalux Electric Motors Ltd, on 30th June 2010 in order to continue to drive cost reductions and efficiencies. This created an exceptional Profit of £4,056k.

The EMD brand and products remain strong and will continue to play a major part in the growth of the group.

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

Results

The profit for the year, after taxation, amounted to £4,381,557 (2009 - loss £253,640)

Directors

The directors who served during the year were

J A C Levine (resigned 15 February 2011)
S G Siggs

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

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

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 24 March 2011 and signed on its behalf



S G Siggs
Director

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

We have audited the financial statements of Abstract 123 Limited (formerly known as EMD Drive Systems Limited) for the year ended 30 June 2010, which comprise the Profit and Loss Account, the Balance Sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors. 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit 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 the other matter prescribed by the Companies Act 2006

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

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

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



Lesley Fox (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

8 New Fields
2 Stinsford Road
Nuffield
Poole
Dorset
BH17 0NF

Date 24 March 2011

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010

		30 June 2010 £	18 months ended 30 June 2009 £
Turnover - Discontinued operations		6,744,185	11,272,223
		<u>6,744,185</u>	<u>11,272,223</u>
Cost of sales	3	(6,023,919)	(9,548,837)
		<u>6,744,185</u>	<u>11,272,223</u>
Gross profit		720,266	1,723,386
Distribution costs	3	-	(87,092)
Administrative expenses	3	(395,317)	(1,632,474)
		<u>720,266</u>	<u>1,723,386</u>
Operating profit	4		
Discontinued operations		<u>324,949</u>	<u>3,820</u>
		324,949	3,820
Exceptional items	8		
Profit on disposal of trade and assets		4,056,707	-
Other exceptional items		-	(614,700)
		<u>4,056,707</u>	<u>(614,700)</u>
Profit/(loss) on ordinary activities before interest		4,381,656	(610,880)
Interest receivable and similar income		-	277,007
Interest payable and similar charges	7	(99)	(48)
		<u>4,381,656</u>	<u>(610,880)</u>
Profit/(loss) on ordinary activities before taxation		4,381,557	(333,921)
Tax on profit/(loss) on ordinary activities	9	-	80,281
		<u>4,381,557</u>	<u>(333,921)</u>
Profit/(loss) for the financial year/period	16	<u>4,381,557</u>	<u>(253,640)</u>

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss account

The notes on pages 7 to 16 form part of these financial statements

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

Registered number 00886763

BALANCE SHEET AS AT 30 JUNE 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	10		-		560,711
Current assets					
Stocks	11	-		1,769,226	
Debtors	12	10,493,299		6,201,186	
Cash at bank and in hand		-		390,672	
		10,493,299		8,361,084	
Creditors, amounts falling due within one year	13	-		(2,810,053)	
Net current assets			10,493,299		5,551,031
Total assets less current liabilities			10,493,299		6,111,742
Capital and reserves					
Called up share capital	15		101,000		101,000
Share premium account	16		2,436,149		2,436,149
Profit and loss account	16		7,956,150		3,574,593
Shareholders' funds	17		10,493,299		6,111,742

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



S G Siggs
Director

Date 24 March 2011

The notes on pages 7 to 16 form part of these financial statements

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

At 30 June 2010 the company sold its trade and assets to a fellow group member, Parvalux Electric Motors Limited

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	12.5% straight line
Fixtures & fittings	-	15% straight line
Tools and moulds	-	25% straight line
Computer equipment	-	33% straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term

1.6 Stocks and work in progress

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 stocks

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Accounting Policies (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss account

1.9 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2. Turnover

A geographical analysis of turnover is as follows

	30 June 2010 £	18 months ended 30 June 2009 £
United Kingdom	2,505,575	3,857,290
Rest of European Union	2,806,696	6,084,190
Rest of world	1,431,914	1,330,743
	<u>6,744,185</u>	<u>11,272,223</u>

The turnover and profit before taxation related solely to discontinued activities, which arose from the manufacture of small electric motors and geared units

3 Cost of sales and expenses

	30 June 2010		18 months ended 30 June 2009	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Cost of sales	-	6,023,919	-	9,548,837
Selling and distribution costs	-	-	-	87,092
Administrative expenses	-	395,317	-	1,632,474

4. Operating profit

The operating profit is stated after charging

	30 June 2010 £	18 months ended 30 June 2009 £
Depreciation of tangible fixed assets		
- owned by the company	174,785	290,275
Auditors' remuneration	15,000	16,500
Operating lease rentals		
- Rent	-	108,826
- Hire of motor vehicles, plant and equipment	10,478	8,011
Difference on foreign exchange	5,961	178,644
Research and development expenditure written off	32,532	-

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	30 June 2010 £	18 months ended 30 June 2009 £
Wages and salaries	897,001	2,530,739
Social security costs	242,881	252,823
Other pension costs	90,391	133,440
	<u>1,230,273</u>	<u>2,917,002</u>

The average monthly number of employees, including the directors, during the year was as follows

	30 June 2010 No.	18 months ended 30 June 2009 No.
Management	2	4
Production and selling	16	64
	<u>18</u>	<u>68</u>

6. Directors' remuneration

	30 June 2010 £	18 months ended 30 June 2009 £
Emoluments	<u>-</u>	<u>182,702</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>8,067</u>

During the year/period retirement benefits were accruing to no directors (2009 - 1) in respect of defined contribution pension schemes

The directors are remunerated through fellow group company, Parvalux Electric Motors Limited and this has been included within the management recharge

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7 Interest payable

	30 June 2010 £	18 months ended 30 June 2009 £
On bank loans and overdrafts	99	48

8. Exceptional items

	30 June 2010 £	18 months ended 30 June 2009 £
Reorganisation and restructuring costs	-	614,700
Profit on disposal of trade and assets	4,056,707	-
	<u>4,056,707</u>	<u>614,700</u>

During the period ending 30 June 2009 the company closed its operation at Halstead and moved to Bournemouth and as a result restructuring of the company occurred

On 30 June 2010 the company sold its trade and assets to a fellow group member Parvalux Electric Motors Limited, resulting in a profit on disposal

9. Taxation

	30 June 2010 £	18 months ended 30 June 2009 £
Analysis of tax charge in the year/period		
Deferred tax (see note 14)		
Origination and reversal of timing differences	-	(80,281)
Tax on profit/loss on ordinary activities	<u>-</u>	<u>(80,281)</u>

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. Taxation (continued)

The tax assessed for the year/period is lower than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	30 June 2010 £	18 months ended 30 June 2009 £
Profit/loss on ordinary activities before tax	4,381,557	(333,921)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	1,226,836	(93,498)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,147	6,391
Capital allowances for year/period in excess of depreciation	(31,457)	(41,781)
Fixed asset loss on disposal	-	24,336
Profit on disposal of trade and assets	(1,135,878)	-
Losses carried forward	(57,718)	104,552
Provisions tax adjustment	(2,930)	-
Current tax charge for the year/period (see note above)	-	-

Factors that may affect future tax charges

The company has approximately £nil (period ended 2009 £373,000) tax losses carried forward to use against future profits

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10 Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 July 2009	2,400,293	23,751	82,544	2,506,588
Additions	81,034	32,992	18,803	132,829
Disposals	(2,481,327)	(56,743)	(101,347)	(2,639,417)
At 30 June 2010	-	-	-	-
Depreciation				
At 1 July 2009	1,874,278	7,048	64,551	1,945,877
Charge for the year	153,377	21,408	-	174,785
On disposals	(2,027,655)	(28,456)	(64,551)	(2,120,662)
At 30 June 2010	-	-	-	-
Net book value				
At 30 June 2010	-	-	-	-
At 30 June 2009	526,015	16,703	17,993	560,711

11 Stocks

	2010 £	2009 £
Raw materials	-	1,125,142
Work in progress	-	574,366
Finished goods and goods for resale	-	69,718
	-	1,769,226

12 Debtors

	2010 £	2009 £
Trade debtors	-	1,036,676
Amounts owed by group undertakings	10,493,299	4,828,938
Other debtors	-	61,716
Prepayments and accrued income	-	11,170
Deferred tax asset (see note 14)	-	262,686
	10,493,299	6,201,186

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

13. Creditors: Amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	-	29,927
Trade creditors	-	913,740
Amounts owed to group undertakings	-	1,609,558
Social security and other taxes	-	26,651
Other creditors	-	4,141
Accruals and deferred income	-	226,036
	-	2,810,053

14. Deferred taxation

	2010 £	2009 £
At beginning of year/period	262,686	182,405
Released during year/period	-	80,281
Transfer to group company	(262,686)	-
At end of year/period	-	262,686

The deferred taxation balance is made up as follows

	2010 £	2009 £
Accelerated capital allowances	-	158,134
Tax losses carried forward	-	104,552
	-	262,686

15 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
101,000 Ordinary shares of £1 each	101,000	101,000

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

16 Reserves

	Share premium account £	Profit and loss account £
At 1 July 2009	2,436,149	3,574,593
Profit for the year		4,381,557
At 30 June 2010	<u>2,436,149</u>	<u>7,956,150</u>

17. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Opening shareholders' funds	6,111,742	6,365,382
Profit/(loss) for the year/period	<u>4,381,557</u>	<u>(253,640)</u>
Closing shareholders' funds	<u>10,493,299</u>	<u>6,111,742</u>

18. Contingent liabilities

The directors have confirmed that there were no contingent liabilities as at 30 June 2010

19 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £90,391 (2009 - £133,440). Contributions totalling £Nil (2009 - £4,141) were payable to the fund at the balance sheet date and are included in creditors.

20 Operating lease commitments

At 30 June 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Expiry date:				
Within 1 year	-	2,100	-	17,571
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,150</u>

ABSTRACT 123 LIMITED (FORMERLY KNOWN AS EMD DRIVE SYSTEMS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. Forward exchange contracts

The company purchases forward foreign currency contracts to hedge currency exposure on firm future transactions. The fair value of the derivatives held at the balance sheet date, determined by reference to their market value, are as follows

	2010 £	2009 £
Forward foreign currency contracts	-	60,646

The gains and losses on these contracts are not recognised until the contracts mature. Such gains and losses are recognised in the profit and loss account.

22 Related party transactions

In the previous financial period to 30 June 2009 the company entered into the following transactions with its group companies prior to its acquisition by the Parvalux Limited group -

Loan repayments received from Rubicon Partners Industries LLP £1,071,675, the company's ultimate parent company until 22 August 2008

Loan interest received totalling £277,007, purchases of £118,067 and loan repayment received from Vector Industries Limited, the company's fellow subsidiary until 22 August 2008

Purchases made of £168,459 from W H Boddington & Co Ltd, the company's fellow subsidiary until 22 August 2008

During the year ended 30 June 2010, the company made sales to Parvalux Polska, a fellow subsidiary, totalling £53,957 (2009 £Nil)

The company sold its trade and assets to Parvalux Electric Motors Limited, a fellow group member, effective from 30 June 2010 for a consideration of £10,493,299

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transaction with group companies from the 22 August 2008 on the grounds that these are transactions within the group whose consolidated financial statements are publicly available

23 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of its immediate parent company Minortravel Limited, a company incorporated in England and Wales. The ultimate parent company is Parvalux Limited, a company incorporated in England and Wales, which is the largest group in which the results of the company are consolidated.

The directors control the day to day activities of the company. The ultimate controlling parties are the Clark Trusts which together own the majority of Parvalux Limited.