

# **ABI Alpha Limited**

## **Report and Financial Statements**

31 August 2015

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COMPANIES HOUSE

**Directors**

M G Copper  
R J Jones  
D A Hague  
P A Clackstone  
M Mowlem

**Secretary**

R J Jones

**Auditors**

Ernst & Young LLP  
24 Marina Court  
Castle Street  
Hull HU1 1TJ

**Bankers**

Barclays Bank PLC  
PO Box 190  
1 Park Row  
Leeds LS1 5WU

**Solicitors**

DLA LLP  
Princes Exchange  
Princes Square  
Leeds LS1 4BY

**Registered Office**

Swinemoor Lane  
Beverley  
East Yorkshire HU17 0LJ

## Strategic report

The directors present their strategic report and the financial statements for the year ended 31 August 2015.

### Principal activity and review of the business

The principal activity of the group during the year was the manufacture and sale of Caravan Holiday Homes.

The key financial and other performance indicators during the year were as follows:

	2015 £000	2014 £000	Change %
Turnover	74,469	64,718	+15.1%
Operating profit	8,819	6,297	+40.1%
Profit after tax	4,340	1,033	+320.1%
Equity shareholders' funds	10,128	5,788	+75.0%
Average number of employees	363	346	+4.9%

The core market for our product increased during the financial year by 15.7% and manufacturing capacity was adjusted accordingly to ensure the business production output remained consistent with this change in demand. The directors anticipate that their core market will continue to grow steadily during the current financial year.

### Principal risks and uncertainties

#### Competitive risks

The business risks and uncertainties faced by the Company are considered to be market competition, the state of the UK economy and its impact on demand. The business manages this risk by maintaining strong relationships with its customers and by adapting to market demands and the needs of these customers.

#### Financial instrument risks

The company manages its exposure to movements in interest rates in relation to its senior debt by swapping a proportion of its debt from a floating interest rate to a fixed rate. The company has no other financial instruments.

#### Use of derivatives

The company manages its exposure to variability in foreign exchange rates by conducting its trade mainly in sterling. The company does not use forward foreign exchange contracts.

#### Exposure to credit, liquidity and cash flow risk

Credit risk is managed by the application of credit worthiness and collection procedures. The company manages its cash flow risk and liquidity risk by ensuring the group has the availability of adequate working capital facilities.

By order of the Board



R-J Jones

Secretary

30 November 2015

Registered No. 07745824

## Directors' report

The directors present their report and financial statements for the year ended 31 August 2015.

### Results and dividends

The profit for the year after taxation amounted to £4,340,000 (2014 – profit of £1,033,000). No dividends were paid during the year (2014 – £nil). The directors do not recommend a final dividend (2014 – £nil).

### Research and development

The company invests in research and development to continue to develop its products and production processes.

### Future developments

Caravan manufacturing remains the core business and continues to show healthy margins in the long term.

### Financial instruments

Details of financial instruments are provided in the strategic report.

### Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Directors

The directors who served the company during the year were as follows:

M G Copper	
R J Jones	
D A Hague	
P A Clackstone	(appointed 4 September 2014)
Z Clements	(resigned 2 March 2015)
M Mowlem	(appointed 29 September 2014)

### Disabled employees

During the year, the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled while in the employment of the company, as well as generally through training and career development.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Directors' report

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



R. J. Jones

Secretary

30 November 2015

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and the company and of the profit or loss of the group for that period. In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

## **to the members of ABI Alpha Limited**

We have audited the financial statements of ABI Alpha Limited for the year ended 31 August 2015 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 23. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking'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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 August 2015 and of the group's 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 other matter prescribed by the Companies Act 2006**

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

# **Independent auditors' report**

**to the members of ABI Alpha 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.



Richard Frostick (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Hull  
30 November 2015



## Group profit and loss account

for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
<b>Turnover</b>	2	74,469	64,718
Cost of sales		(62,731)	(55,528)
<b>Gross profit</b>		11,738	9,190
Administrative expenses		(2,919)	(2,893)
<b>Operating profit</b>	3	8,819	6,297
Profit on sale of fixed assets		2	1
Interest receivable and similar income		5	3
Interest payable and similar charges	6	(2,902)	(4,456)
<b>Profit on ordinary activities before taxation</b>		5,924	1,845
Tax	7	(1,584)	(812)
<b>Profit for the financial year</b>	17	4,340	1,033

All amounts relate to continuing activities.

## Group statement of total recognised gains and losses

for the year ended 31 August 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £4,340,000 in the year ended 31 August 2015 (2014 – profit of £1,033,000).

## Group balance sheet

at 31 August 2015

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	9	15,163	16,101
Tangible assets	10	4,418	4,415
		<u>19,581</u>	<u>20,516</u>
<b>Current assets</b>			
Stocks	12	2,685	2,610
Debtors	13	20,436	20,405
Cash at bank and in hand		7,549	8,434
		<u>30,670</u>	<u>31,449</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(10,274)</u>	<u>(11,741)</u>
<b>Net current assets</b>		<u>20,396</u>	<u>19,708</u>
<b>Total assets less current liabilities</b>		39,977	40,224
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(29,849)</u>	<u>(34,436)</u>
<b>Net assets</b>		<u>10,128</u>	<u>5,788</u>
<b>Capital and reserves</b>			
Called up share capital	16	19	19
Share premium account	17	1,865	1,865
Revaluation reserve	17	249	256
Profit and loss account	17	7,995	3,648
<b>Shareholders' funds</b>	18	<u>10,128</u>	<u>5,788</u>

The financial statements were approved for issue by the board on 30 November 2015.



M G Copper

Director

## Company balance sheet

at 31 August 2015

	Notes	2015 £000	2014 £000
<b>Fixed assets</b>			
Investments	11	1,126	1,126
<b>Current assets</b>			
Debtors	13	758	758
<b>Net current assets</b>		758	758
<b>Total assets</b>		1,884	1,884
<b>Net assets</b>		1,884	1,884
<b>Capital and reserves</b>			
Called up share capital	16	19	19
Share premium account	17	1,865	1,865
Profit and loss account	17	—	—
<b>Shareholders' funds</b>	18	1,884	1,884

The financial statements were approved for issue by the board on 30 November 2015.

  
M G Copper  
Director

## Group statement of cash flows

for the year ended 31 August 2015

	Note	2015 £000	2014 £000
<b>Net cash inflow from operating activities</b>	19(a)	8,078	6,669
<b>Returns on investments and servicing of finance</b>			
Bank interest paid		(614)	(760)
Interest received		5	3
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(609)</u>	<u>(757)</u>
<b>Taxation</b>			
Corporation tax paid		(1,180)	(751)
<b>Tax paid</b>		<u>(1,180)</u>	<u>(751)</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(301)	(192)
Receipts from sale of tangible fixed assets		2	4
<b>Net cash outflow from capital expenditure</b>		<u>(299)</u>	<u>(188)</u>
<b>Net cash inflow before financing</b>		5,990	4,973
<b>Financing</b>			
New loans		–	8,500
Issue costs of new financing		–	(155)
Repayment of loans and accrued loan note interest		(6,875)	(8,000)
<b>Net cash (outflow)/inflow from financing</b>		<u>(6,875)</u>	<u>345</u>
<b>(Decrease)/increase in cash</b>		<u>(885)</u>	<u>5,318</u>

### Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
(Decrease)/increase in cash in the year	(885)	5,318
Cash flow in respect of loans	875	(500)
Cash flow in respect of investor loan notes	6,000	–
Rolled up interest	(2,247)	(2,448)
Change in net debt	3,743	2,370
<b>Net debt at 1 September</b>	<u>(26,992)</u>	<u>(29,362)</u>
<b>Net debt at 31 August</b>	<u>(23,249)</u>	<u>(26,992)</u>

## Notes to the financial statements

at 31 August 2015

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

#### *Group financial statements*

The group financial statements consolidate the financial statements of ABI Alpha Limited and its subsidiary undertakings, for the year ended 31 August 2015. No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

#### *Goodwill*

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life estimated to be 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and when events or changes in circumstances indicate that the carrying value may not be recoverable.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property	—	over 50 years
Fixtures and fittings	—	10% straight-line basis
Plant and machinery	—	10% straight-line basis
Motor vehicles	—	20% straight-line basis
Computer equipment	—	25% - 50% straight-line basis

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Revenue recognition*

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

## Notes to the financial statements

at 31 August 2015

### 1. Accounting policies (continued)

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Leasing and hire purchase commitments*

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the assets had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account on a straight-line basis. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

#### *Pensions*

The company operates a stakeholder pension scheme for employees and a money purchase pension scheme for directors. The assets of the schemes are invested and managed independently of the finances of the company. The pension cost charge relates to the money purchase scheme and represents contributions payable in the period.

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the group's continuing activity as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2015 £000	2014 £000
UK	72,717	62,778
Europe	1,752	1,940
	<u>74,469</u>	<u>64,718</u>

## Notes to the financial statements

at 31 August 2015

### 3. Operating profit

This is stated after charging/(crediting):

	2015 £000	2014 £000
Auditors' remuneration – audit services	42	42
– other services	18	18
Depreciation of owned fixed assets	298	274
Amortisation charge for the year	938	938
Operating lease rentals – plant and machinery	73	59
– land and buildings	116	116

### 4. Directors' remuneration

	2015 £000	2014 £000
Remuneration	864	721
Group contributions to defined contribution pension schemes	45	43
	<u>909</u>	<u>764</u>
In respect of the highest paid director:		
Remuneration	339	324
Contributions to money purchase pension schemes	29	29
Aggregate remuneration	<u>368</u>	<u>353</u>

There are 4 directors accruing retirement benefits under money purchase pension schemes (2014 – 3).

### 5. Staff costs

	2015 £000	2014 £000
Wages and salaries	11,674	10,359
Social security costs	1,187	1,055
Other pension costs	144	75
	<u>13,005</u>	<u>11,489</u>

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

	No.	No.
Office and management	27	27
Production	336	319
	<u>363</u>	<u>346</u>

## Notes to the financial statements

at 31 August 2015

### 6. Interest payable and similar charges

	2015	2014
	£000	£000
Bank loans interest	300	446
Interest and charges on financing of trade debtors	251	217
Loan notes	2,247	2,448
Amortisation of loan issue costs	41	1,248
Other bank charges	63	97
	<u>2,902</u>	<u>4,456</u>

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	2014
	£000	£000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	1,412	885
Total current tax (note 7(b))	<u>1,412</u>	<u>885</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	176	(54)
Adjustment in respect of prior years	(4)	(19)
Total deferred tax	<u>172</u>	<u>(73)</u>
Tax on profit on ordinary activities	<u>1,584</u>	<u>812</u>

#### (b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%). The differences are explained below:

	2015	2014
	£000	£000
Profit on ordinary activities before tax	<u>5,924</u>	<u>1,845</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.58% (2014 – 22.16%)	1,219	409
<b>Effects of:</b>		
Expenses not deductible for tax purposes	372	392
Depreciation in advance of capital allowances	14	15
Short term timing differences	(196)	46
Adjustment in respect of prior years	3	24
Marginal relief	–	(1)
Current tax for the year (note 7(a))	<u>1,412</u>	<u>885</u>



## Notes to the financial statements

at 31 August 2015

### 7. Tax (continued)

(c) Deferred tax

	2015 £000	2014 £000
Accelerated capital allowances	8	20
Other timing differences	(42)	(226)
	<u>(34)</u>	<u>(206)</u>
	2015 £000	2014 £000
Deferred tax charge in profit and loss account for the year (note 7(a))	(172)	73
Opening balance	206	133
Included in debtors (note 13)	<u>34</u>	<u>206</u>

(d) Factors that may affect future tax charges

The Finance Act 2013 announced a reduction in the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Subsequently the Summer Budget 2015 introduced legislation to further reduce the main rate of corporation tax to 19% with effect from 1 April 2017 and to 18% by 1 April 2020. Deferred tax has been provided at 20% being the rate enacted at the Balance Sheet date. The effect of the change in tax rates is not material to the financial statements.

### 8. Result attributable to members of parent undertaking

The result dealt with in the financial statements of the parent undertaking was £nil (2014 – £nil).

### 9. Intangible fixed assets

Group	Goodwill £000
Cost:	
At 1 September 2014	18,758
Additions	–
At 31 August 2015	<u>18,758</u>
Amortisation:	
At 1 September 2014	2,657
Charge for the year	938
At 31 August 2015	<u>3,595</u>
Net book value:	
At 31 August 2015	<u>15,163</u>
At 1 September 2014	<u>16,101</u>

Goodwill arising on the acquisition of ABI (UK) Group Limited is being amortised over 20 years, being the directors' estimate of its useful economic life.

## Notes to the financial statements

at 31 August 2015

### 10. Tangible fixed assets

<i>Group</i>	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Office equipment £000</i>	<i>Total £000</i>
Cost or valuation:					
At 1 September 2014	3,265	2,503	194	633	6,595
Additions	–	149	87	65	301
Disposals	–	(105)	(3)	(293)	(401)
At 31 August 2015	3,265	2,547	278	405	6,495
Depreciation:					
At 1 September 2014	–	1,544	116	520	2,180
Provided during the year	37	172	37	52	298
Disposals	–	(105)	(3)	(293)	(401)
At 31 August 2015	37	1,611	150	279	2,077
Net book value:					
At 31 August 2015	3,228	936	128	126	4,418
At 1 September 2014	3,265	959	78	113	4,415

The net book value of plant and machinery above includes an amount of £nil in respect of assets held under finance leases and hire purchase contracts.

The freehold land and buildings were valued at their open market value for existing use on 31 August 2015 by External Independent Chartered Surveyors DTZ Debenham Tie Leung. The historical cost of the freehold land and buildings is £2,112,000.

### 11. Investments

<i>Company</i>	<i>Investment in subsidiary undertakings £000</i>
Cost:	
At 1 September 2014	1,126
Additions	–
At 31 August 2015	1,126

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

## Notes to the financial statements

at 31 August 2015

### 11. Investments (continued)

#### *Subsidiary undertakings*

<i>Subsidiary undertakings</i>	<i>Country of registration incorporation</i>	<i>Class of share</i>	<i>Proportion of issued equity capital held</i>	<i>Principal activity</i>
ABI Beta Limited	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Group Limited (100% subsidiary of ABI Beta Limited)	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Holdings Limited (100% subsidiary of ABI (UK) Group Limited)	Great Britain	Ordinary	100%	Intermediate parent undertaking
ABI (UK) Limited (100% subsidiary of ABI (UK) Holdings Limited)	Great Britain	Ordinary	100%	Manufacture and sale of Caravan Holiday Homes
ABI (UK) Group EBT Limited	Great Britain	Ordinary	100%	EBT

### 12. Stocks

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials and consumables	1,714	1,547	—	—
Work in progress	785	968	—	—
Finished goods	186	95	—	—
	<u>2,685</u>	<u>2,610</u>	<u>—</u>	<u>—</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 13. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Debtors falling due with one year:				
Trade debtors	19,159	19,507	—	—
Other debtors	606	403	—	—
Prepayments and accrued income	637	289	—	—
Deferred tax	34	206	—	—
	<u>20,436</u>	<u>20,405</u>	<u>—</u>	<u>—</u>
Debtors falling due after one year				
Amounts owned by group undertakings	—	—	758	758
	<u>20,436</u>	<u>20,405</u>	<u>758</u>	<u>758</u>

## Notes to the financial statements

at 31 August 2015

### 14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	835	835	—	—
Trade creditors	6,651	8,314	—	—
Corporation tax	609	377	—	—
Other taxes and social security costs	284	433	—	—
Other creditors	406	332	—	—
Accruals	1,489	1,450	—	—
	<u>10,274</u>	<u>11,741</u>	<u>—</u>	<u>—</u>

### 15. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loan	6,676	7,510	—	—
Investor loan notes	23,173	26,926	—	—
Amounts owned to group undertakings	—	—	—	—
	<u>29,849</u>	<u>34,436</u>	<u>—</u>	<u>—</u>

### **Borrowings**

The financial obligations to which the Group is committed are due as follows:

<i>Group</i>	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
In one year or less	875	875
Between one and two years	875	875
Between two and five years	<u>5,875</u>	<u>6,750</u>
	7,625	8,500
Less unamortised arrangement costs	<u>(114)</u>	<u>(155)</u>
	7,511	8,345
Included in amounts due within one year	<u>(835)</u>	<u>(835)</u>
Included in amounts due after more than one year	<u>6,676</u>	<u>7,510</u>

Bank loan are secured by a floating charge over the assets of the Group. Interest on the loans is charged at commercial rates.

The Group has entered into an interest rate hedge to manage its exposure to interest rate fluctuations. The hedge has fixed LIBOR on a proportion of the loans at 1.14%.

The bank loan is repayable in 6 monthly instalments in February and August each year, with a bullet repayment of £5,000,000 on 31 August 2019.

The investor loan notes accrue interest at 10% per annum, compounding at 30 September each year, and are repayable on 30 September 2018.

## Notes to the financial statements

at 31 August 2015

### 16. Issued share capital

		2015		2014
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£000</i>	<i>No.</i>	<i>£000</i>
Ordinary shares of 1p each	233,333	2,333	233,333	2,333
'A' ordinary shares of 1p each	1,125,670	11,257	1,125,670	11,257
'B' ordinary shares of 1p each	524,330	5,243	524,330	5,243
		<u>18,833</u>		<u>18,833</u>

### 17. Movements on reserves

<i>Group</i>	<i>Share premium account £000</i>	<i>Revaluation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 September 2014	1,865	256	3,648	5,769
Profit for the year	–	–	4,340	4,340
Transfer in respect of depreciation revalued fixed assets	–	(7)	7	–
At 31 August 2015	<u>1,865</u>	<u>249</u>	<u>7,995</u>	<u>10,109</u>

<i>Company</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 September 2014	1,865	–	1,865
Result for the year	–	–	–
At 31 August 2015	<u>1,865</u>	<u>–</u>	<u>1,865</u>

### 18. Reconciliation of shareholders' funds

	<i>Group £000</i>	<i>Company £000</i>
Opening shareholders' funds	5,788	1,884
Profit for the year	4,340	–
Closing shareholders' funds	<u>10,128</u>	<u>1,884</u>

## Notes to the financial statements

at 31 August 2015

### 19. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash from operating activities

	2015 £000	2014 £000
Operating profit	8,819	6,297
Depreciation	298	274
Amortisation of goodwill	938	938
(Increase)/decrease in stocks	(75)	150
(Increase) in debtors	(203)	(3,862)
(Decrease)/increase in creditors	(1,699)	2,872
Net cash inflow from operating activities	<u>8,078</u>	<u>6,669</u>

(b) Analysis of net debt

	At 1 September 2014 £000	Cash flow £000	Non cash changes £000	At 31 August 2015 £000
Net cash:				
Cash in hand and at bank	8,434	(885)	–	7,549
Debt:				
Bank loans	(8,500)	875	–	(7,625)
Investor loan notes	(26,926)	6,000	(2,247)	(23,173)
Net debt at 31 August 2015	<u>(26,992)</u>	<u>5,990</u>	<u>(2,247)</u>	<u>(23,249)</u>

### 20. Pensions

The group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21. Other financial commitments

At 31 August 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	–	17	–	1
In two to five years	–	54	–	58
Over five years	116	–	116	–
	<u>116</u>	<u>71</u>	<u>116</u>	<u>59</u>

At 31 August 2015 the Group had capital commitment contracted for of £75,000 (2014 – £39,336).

## Notes to the financial statements

at 31 August 2015

### 22. Related party transactions

The group has taken advantage of the exemption available under FRS 8 para 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

The Directors of the business hold investor loan notes to the value of £7,363,744 (2014 – £8,556,328).

### 23. Ultimate parent undertaking and controlling party

At 31 August 2015, the ultimate controlling party was Legal and General Group PLC, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by ABI Alpha Limited.

The largest group in which the results of the company are consolidated is that headed by Legal and General Group PLC. Copies of the group financial statements of the ultimate parent undertaking, Legal and General Group PLC, are available on the group website, [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com) or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.