

Registration number: 08337132

Abacus Direct Manufacturing Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

Murray Harcourt Limited
6 Queen Street
Leeds
West Yorkshire
LS1 2TW



Abacus Direct Manufacturing Group Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 9
Consolidated Statement of Comprehensive Income	10 to 11
Consolidated Balance Sheet	12
Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 to 17
Notes to the Financial Statements	18 to 35

Abacus Direct Manufacturing Group Limited

Company Information

Directors	S P Bradbury I D Pattison
Registered office	Abacus House Jubilee Court Copgrove Harrogate North Yorkshire HG3 3TB
Auditors	Murray Harcourt Limited 6 Queen Street Leeds West Yorkshire LS1 2TW

Abacus Direct Manufacturing Group Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is that of a holding company. Up to 18 December 2019, the principal activity of the Group was the manufacture and specialist distribution of bathrooms and bathroom equipment. Following a group reorganisation on 18 December 2019, involving a transfer of the bathroom business outside of the Group, the principal activity became that of property management.

Fair review of the business

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

	Unit	2020	2019
Operating profit	£	370,489	1,277,979

Further details of the Group's performance are shown on page 10.

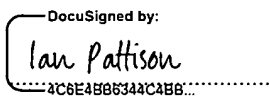
Principal risks and uncertainties

The principal risks identified are credit risk and liquidity risk.

Further details regarding these risks and the measures taken to mitigate their impact is provided in the Directors' Report.

9/20/2021

Approved by the Board on and signed on its behalf by:

DocuSigned by:

 ID Pattison
 Director

Abacus Direct Manufacturing Group Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the Group

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

S P Bradbury

I D Pattison

Dividends

Details of dividends paid in the year are disclosed in note 25. The Directors do not recommend payment of a final dividend.

Financial instruments

Objectives and policies

The Group's principal financial instruments during the period comprised bank balances, trade debtors, trade creditors and borrowings. The main purpose of these instruments was to finance the Group's operations.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk arises from customers failing to meet their obligation under contracts of sale to pay. In order to minimise this risk, deferred terms are only granted to those customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk arises from the difficulties the Group may face in meeting obligations under financial liabilities as they fall due. The Group mitigates liquidity risk by preparing long, medium and short term forecasts, applying cash collection targets throughout the Group and utilisation of full trading terms with its suppliers.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

Disclosure of information to the auditor

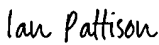
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Abacus Direct Manufacturing Group Limited

Directors' Report for the Year Ended 31 December 2020

9/20/2021

Approved by the Board on and signed on its behalf by:

DocuSigned by:

.....
I D Pattison
Director

Abacus Direct Manufacturing Group Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting 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 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.

Abacus Direct Manufacturing Group Limited

Independent Auditor's Report to the Members of Abacus Direct Manufacturing Group Limited

Opinion

We have audited the financial statements of Abacus Direct Manufacturing Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, it is not possible to predict with certainty the potential impact of future developments in both the parent Company's and the Group's trading environment or in the broader economy. Because of this, the above statements should not be interpreted as a guarantee that the parent Company and the Group will continue to operate as a going concern.

Abacus Direct Manufacturing Group Limited

Independent Auditor's Report to the Members of Abacus Direct Manufacturing Group Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Abacus Direct Manufacturing Group Limited

Independent Auditor's Report to the Members of Abacus Direct Manufacturing Group Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of the directors on procedures relating to their processes for identifying, evaluating and complying with laws and regulations and for detecting and responding to the risks of fraud;
- obtaining an understanding of the legal and regulatory frameworks applicable to the entity. The most significant considerations identified were the Companies Act 2006 and corporation tax legislation; and
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - management override of controls; and
 - revenue recognition.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations and to identify any irregularities or instances of fraud;
- We tested the appropriateness of a sample of accounting journals;
- We reviewed the Company's accounting policies for non-compliance with relevant accounting standards;
- We considered significant accounting estimates for evidence of misstatement; and
- We considered the appropriateness of the revenue recognition policies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements. There are inherent limitations in the audit procedures performed not least due to the following:

- the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve deliberate concealment; and
- the further removed the non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Abacus Direct Manufacturing Group Limited

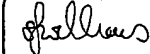
Independent Auditor's Report to the Members of Abacus Direct Manufacturing Group Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:



C40021BC02462AF

Steven Williams FCA (Senior Statutory Auditor)

For and on behalf of Murray Harcourt Limited, Statutory Auditor

6 Queen Street
Leeds
West Yorkshire
LS1 2TW

9/22/2021
Date:.....

Abacus Direct Manufacturing Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	Continuing operations 2020 £	Discontinued operations 2020 £	Total 2020 £	Continuing operations 2019 £	Discontinued operations 2019 £	Total 2019 £
Turnover	3	389,375	-	389,375	-	14,604,341	14,604,341
Cost of sales		-	-	-	(353)	(9,434,814)	(9,435,167)
Gross profit/(loss)		389,375	-	389,375	(353)	5,169,527	5,169,174
Administrative expenses		(18,886)	-	(18,886)	48,000	(4,235,090)	(4,187,090)
Other operating income	4	-	-	-	(48,000)	70,779	22,779
Fair value gain on investment properties	13	-	-	-	273,116	-	273,116
Other interest receivable and similar income	7	-	-	-	-	120	120
Interest payable and similar charges	8	(29,206)	-	(29,206)	(76,247)	(52,297)	(128,544)
Profit before tax		341,283	-	341,283	196,516	953,039	1,149,555
Taxation	12	(66,010)	-	(66,010)	(80,233)	45,941	(34,292)
Total comprehensive income for the year		<u>275,273</u>	<u>-</u>	<u>275,273</u>	<u>116,283</u>	<u>998,980</u>	<u>1,115,263</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

In addition to the numbers presented above for the year ended 31 December 2019, the property management business (continuing operation) generated rental income of £419,813 from the letting of investment property to the bathroom manufacturing and distribution business (discontinued operation). It also received interest amounting to £5,203 and incurred expenses amounting to £12,885 from the bathroom and manufacturing business. These amounts were not presented above in 2019, as they were eliminated on consolidation. Following the group reconstruction in December 2019, these revenues and expenses with those entities transferred outside the group are no longer eliminated on consolidation and are reported above. Including these amounts eliminated on consolidation, the total comprehensive income from continuing operations in 2019 would have been £528,414 and the total comprehensive income from discontinued operations would have been £452,728.

The notes on pages 18 to 35 form an integral part of these financial statements.

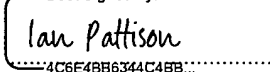
Abacus Direct Manufacturing Group Limited**(Registration number: 08337132)****Consolidated Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
Fixed assets			
Investment property	13	4,357,560	4,357,560
Current assets			
Debtors	16	44,500	115,369
Cash at bank and in hand	17	<u>30,022</u>	<u>76,549</u>
		74,522	191,918
Creditors: Amounts falling due within one year	18	<u>(1,783,834)</u>	<u>(2,104,502)</u>
Net current liabilities		<u>(1,709,312)</u>	<u>(1,912,584)</u>
Total assets less current liabilities		2,648,248	2,444,976
Creditors: Amounts falling due after more than one year	18	(1,270,119)	(1,345,361)
Provisions for liabilities	19	<u>(13,152)</u>	<u>(9,911)</u>
Net assets		<u>1,364,977</u>	<u>1,089,704</u>
Capital and reserves			
Called up share capital	21	1,039	1,039
Capital redemption reserve	22	1	1
Profit and loss account	22	<u>1,363,937</u>	<u>1,088,664</u>
Equity attributable to owners of the company		<u>1,364,977</u>	<u>1,089,704</u>
Total equity		<u>1,364,977</u>	<u>1,089,704</u>

9/20/2021

Approved and authorised by the Board on and signed on its behalf by:

DocuSigned by:


 4C6E48B6344C4BB...

 I D Pattison
 Director

The notes on pages 18 to 35 form an integral part of these financial statements.

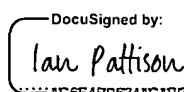
Abacus Direct Manufacturing Group Limited**(Registration number: 08337132)
Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
Fixed assets			
Investments	14	100	100
Current assets			
Debtors	16	<u>324,320</u>	<u>324,320</u>
Net assets		<u>324,420</u>	<u>324,420</u>
Capital and reserves			
Called up share capital	21	1,039	1,039
Capital redemption reserve		1	1
Profit and loss account		<u>323,380</u>	<u>323,380</u>
Shareholders' funds		<u>324,420</u>	<u>324,420</u>

The company made a profit after tax for the financial year of £Nil (2019 - loss of £200,967).

9/20/2021

Approved and authorised by the Board on and signed on its behalf by:

DocuSigned by:

4C6E48B6344C48B8.....
 I D Pattison
 Director

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	1,039	1	1,088,664	1,089,704
Total comprehensive income for the year	-	-	275,273	275,273
At 31 December 2020	<u>1,039</u>	<u>1</u>	<u>1,363,937</u>	<u>1,364,977</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	1,039	1	7,011,782	7,012,822
Total comprehensive income for the year	-	-	1,115,263	1,115,263
Dividends	-	-	(7,038,381)	(7,038,381)
At 31 December 2019	<u>1,039</u>	<u>1</u>	<u>1,088,664</u>	<u>1,089,704</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	1,039	1	323,380	324,420
At 31 December 2020	<u>1,039</u>	<u>1</u>	<u>323,380</u>	<u>324,420</u>

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	1,039	1	1,759,320	1,760,360
Total comprehensive income for the year	-	-	(200,967)	(200,967)
Dividends	-	-	(1,234,973)	(1,234,973)
At 31 December 2019	<u>1,039</u>	<u>1</u>	<u>323,380</u>	<u>324,420</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		275,273	1,115,263
Depreciation and amortisation	5	-	629,067
Changes in fair value of investment property	13	-	(273,116)
Net finance costs	8	29,206	128,424
Income tax expense	12	66,010	34,292
		<u>370,489</u>	<u>1,633,930</u>
Working capital adjustments:			
Increase in stocks		-	(212,087)
Decrease/(increase) in debtors	16	70,869	(610,189)
Increase in creditors	18	35,690	710,164
		<u>477,048</u>	<u>1,521,818</u>
Cash generated from operations		477,048	1,521,818
Income taxes paid	12	(77,972)	(133,001)
Net cash flow from operating activities		<u>399,076</u>	<u>1,388,817</u>
Cash flows from investing activities			
Interest received	7	-	120
Acquisitions of tangible assets		-	(646,577)
Proceeds from sale of tangible assets		-	(193,753)
Acquisition of intangible assets		-	(250,530)
Proceeds from sale of intangible assets		-	200,424
Acquisition of investment properties	13	-	(33,760)
Proceeds from sale of investment properties		-	4,172
Cash flow from disposal of subsidiaries		-	(8,020)
		<u>-</u>	<u>(927,924)</u>
Net cash flows from investing activities		<u>-</u>	<u>(927,924)</u>
Cash flows from financing activities			
Interest paid	8	(29,206)	(128,544)
Proceeds from bank borrowing draw downs		-	3,181,536
Repayment of bank borrowing		(75,242)	(3,114,550)
Repayment of other borrowing		(341,155)	(446,666)
Payments to finance lease creditors		-	(5,225)
Dividends paid		-	(33,833)
		<u>(445,603)</u>	<u>(547,282)</u>
Net cash flows from financing activities		<u>(445,603)</u>	<u>(547,282)</u>
Net decrease in cash and cash equivalents		(46,527)	(86,389)
Cash and cash equivalents at 1 January		<u>76,549</u>	<u>162,938</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash and cash equivalents at 31 December		<u>30,022</u>	<u>76,549</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company is a private company limited by share capital incorporated in the United Kingdom. Details of the Registered Office can be found on page 1. The principal activity of the Company is that of a holding company. Up to 18 December 2019, the principal activity of the Group during the period was that of the manufacture and specialist distribution of bathrooms and bathroom equipment. On 18 December 2019, the Group disposed of three of its trading subsidiaries as part of a group reorganisation. From this date, the principal activity of the Group was that of property management.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, using the historical cost convention except that as disclosed in the accounting policies, and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The financial statements are presented in 'Pounds Sterling' (£), which is the functional currency of the Company, and rounded to the nearest £1.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following available exemptions:

- the requirement to prepare a statement of cash flows; and
- the disclosure of key management personnel remuneration in total.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2020.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The Directors have considered the going concern basis of preparation of the financial statements.

The Group's anticipated rental income of c£0.4m exceeds capital repayments due on the bank loans of c£169k per annum, which provides cover for other administrative costs. We are not aware of any trading issues, including Covid-19 related, that indicate liquidity issues within tenant companies.

Accordingly, it appears reasonable to prepare the financial statements on a going concern basis without reference to a material uncertainty.

Judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under "Key sources of estimation uncertainty" below.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions, applied throughout the period, that had a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the future are addressed below:

Recoverability of trade and other debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience. The carrying amount of trade and other debtors is set out in note 16 to the financial statements.

Valuation of investment properties

The Group makes an estimate of the fair value of investment property at each reporting date in order to assess whether the fair value has changed significantly since the previous reporting date. When assessing the fair value, management considers current property market trends and rental yields. The carrying value of investment property is set out in note 13.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on timing differences between taxable profits and profits reported in the financial statements. Deferred tax is recognised on all timing differences at the reporting date and is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. The directors use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

Investments in subsidiary undertakings are stated at historical costs less provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Statement of Comprehensive Income and the reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the Company's shareholders is recognised in the financial statements in the reporting period in which the dividends are paid.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. Equity instruments are those that entitle the holder to a residual interest in the Company's assets after deducting all of its liabilities.

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

3 Revenue

The analysis of the Group's revenue for the year, all of which relates to discontinued operations, is as follows:

	2020 £	2019 £
Sale of goods to UK customers	-	14,604,341
Rental income from investment property	389,375	-
	<u>389,375</u>	<u>14,604,341</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £	2019 £
Government grants	-	11,729
Rental income	-	11,050
	<u>-</u>	<u>22,779</u>

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

5 Operating profit

Arrived at after charging/(crediting):

	2020	2019
	£	£
Depreciation expense	-	552,919
Amortisation expense	-	76,148
Foreign exchange losses	-	28,640
Operating lease expense - plant and machinery	-	5,769
Operating lease expense - other	-	102,651
	<u>-</u>	<u>102,651</u>

6 Government grants

The grant income in the prior period related to the amortisation of a capital grant in line with the useful economic life of the assets funded. The amount of grants recognised in the financial statements was £Nil (2019 - £11,729).

7 Other interest receivable and similar income

	2020	2019
	£	£
Other finance income	-	120
	<u>-</u>	<u>120</u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	29,206	109,173
Interest on obligations under finance leases and hire purchase contracts	-	775
Interest expense on other finance liabilities	-	18,596
	<u>29,206</u>	<u>128,544</u>

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	-	2,320,434
Social security costs	-	180,602
Pension costs, defined contribution scheme	-	39,225
	<u>-</u>	<u>2,540,261</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Production	-	30
Administration and support	-	18
Sales	-	13
Distribution	-	17
Other departments	-	3
	<u>-</u>	<u>81</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>-</u>	<u>10,359</u>

11 Auditor's remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>12,500</u>	<u>25,775</u>

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Taxation

Tax charged/(credited) in the income statement:

	2020 £	2019 £
Current taxation		
UK corporation tax	62,768	121,826
UK corporation tax adjustment to prior periods	-	(103,804)
	<u>62,768</u>	<u>18,022</u>
Deferred taxation		
Arising from origination and reversal of timing differences	3,242	19,469
Arising from changes in tax rates and laws	-	(3,199)
	<u>3,242</u>	<u>16,270</u>
Total deferred taxation	<u>3,242</u>	<u>16,270</u>
Tax expense in the income statement	<u><u>66,010</u></u>	<u><u>34,292</u></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>341,283</u>	<u>1,149,555</u>
Corporation tax at standard rate	64,844	218,416
Effect of revenues exempt from taxation	-	(95,000)
Effect of expense not deductible in determining taxable profit (tax loss)	-	139,234
Deferred tax credit relating to changes in tax rates or laws	-	(3,199)
UK deferred tax expense relating to changes in tax rates or laws	1,166	47,856
Deferred tax expense from unrecognised tax loss or credit	-	5,890
Decrease in UK and foreign current tax from adjustment for prior periods	-	(140,649)
Tax decrease from effect of capital allowances and depreciation	-	(45,033)
Tax decrease from effect of adjustment in research and development tax credit	-	(91,895)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(1,328)</u>
Total tax charge	<u><u>66,010</u></u>	<u><u>34,292</u></u>

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

12 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2020	
Accelerated capital allowances	<u>13,152</u>
2019	
Accelerated capital allowances	<u>9,911</u>

The main rate of Corporation tax in the United Kingdom is 19%, effective from 1 April 2017. Finance (No2) Act 2015 included legislation to reduce the main rate to 17% from 1 April 2020 but Finance Act 2020 reversed this decision, and the main rate remained at 19% from 1 April 2020 with this being the rate at which the deferred tax balances have been measured. At the 2021 Spring Budget it was announced that the main rate of corporation tax is set to rise to 24% with effect from 1 April 2023. However, this rate was not substantively enacted at the balance sheet date and accordingly no account has been taken of this rate change in the deferred tax calculation.

13 Investment properties

Group

	2020 £
At 1 January	<u>4,357,560</u>
At 31 December	<u>4,357,560</u>

The directors commissioned a valuation of property by an independent valuer, Knight Frank, effective as at 18 October 2019. No fair value adjustments have been deemed necessary since this date.

Restriction on title and pledged as security

Investment properties with a carrying amount of £4,357,560 (2019 - £4,357,560) has been pledged as security for borrowings due to the Group's bankers. In addition, there is a floating charge over all other assets of the Group.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Investments

Company

	2020 £	2019 £
Investments in subsidiaries	<u>100</u>	<u>100</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2020		<u>100</u>
Carrying amount		
At 31 December 2020		<u>100</u>
At 31 December 2019		<u>100</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking			Registered office	Holding	Proportion of voting rights and shares held	
					2020	2019
Subsidiary undertakings						
Abacus Direct Properties Limited			Abacus House Jubilee Court Copgrove Harrogate North Yorkshire HG3 3TB	Ordinary	100%	100%

The principal activity of Abacus Direct Properties Limited is that of a property management company.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

15 Disposal of subsidiaries

On 18 December 2019, the Group and Company distributed its interests in Abacus Direct Limited, Design Modules Limited and LFZ Manufacturing Limited to its ultimate parent undertaking, Abacus Direct Properties Holdings Limited, as part of a group reorganisation. The net assets of these companies, including the carrying value of goodwill arising on consolidation, at the date of distribution amounted to £7,004,548 in the Group. The transaction has been treated as a group reorganisation dividend, as disclosed in note 25.

The profit attributable to these companies is disclosed in the Statement of Comprehensive Income.

16 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	44,500	-	-	-
Amounts owed by group undertakings	-	-	324,320	324,320
Other debtors	-	115,369	-	-
	<u>44,500</u>	<u>115,369</u>	<u>324,320</u>	<u>324,320</u>

17 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	-	3,850	-	-
Cash at bank	30,022	72,699	-	-
	<u>30,022</u>	<u>76,549</u>	<u>-</u>	<u>-</u>

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

18 Creditors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
Due within one year					
Loans and borrowings	23	145,639	145,639	-	-
Trade creditors		9,453	1,080	-	-
Social security and other taxes		39,323	19,095	-	-
Other payables		1,513,568	1,854,723	-	-
Accruals		13,083	5,993	-	-
Income tax liability	12	62,768	77,972	-	-
		<u>1,783,834</u>	<u>2,104,502</u>	<u>-</u>	<u>-</u>
Due after one year					
Loans and borrowings	23	<u>1,270,119</u>	<u>1,345,361</u>	<u>-</u>	<u>-</u>

19 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 January 2020	9,911	9,911
Credited to profit or loss	<u>3,241</u>	<u>3,241</u>
At 31 December 2020	<u>13,152</u>	<u>13,152</u>

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £Nil (2019 - £39,225).

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

21 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary share of £0.50 each	<u>2,078</u>	<u>1,039</u>	<u>2,078</u>	<u>1,039</u>

On 19 September 2019, 1,022 Ordinary A shares of £1 each were subdivided into 2,044 Ordinary A shares of £0.50 each. On the same day, 17 Ordinary C shares of £1 each were subdivided into 34 Ordinary C shares of £0.50 each.

On 3 December 2019, 2,044 Ordinary A shares of £0.50 each and 34 Ordinary C shares of £0.50 each were converted into 2,078 Ordinary shares of £0.50 each.

22 Reserves

Group and Company

Share capital represents the number of shares issued at nominal price.

The capital redemption reserves represents the nominal value of shares redeemed and cancelled by the Company.

The profit and loss account represents accumulated comprehensive income for the year and prior periods, after deduction of dividends paid.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

23 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Bank borrowings	145,639	145,639	-	-

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	1,270,119	1,345,361	-	-

Group

Bank borrowings

Term loan

The term loan is denominated in sterling with a nominal interest rate of 1.75% above base rate (2019 - 1.75%). The loan is repayable in equal monthly instalments and the final instalment is due in December 2024. The carrying amount at the year end is £1,415,758 (2019 - £1,491,000). The amount due after more than five years is £Nil (2019 - £Nil).

Security of borrowings

The term loan is secured by a first legal mortgage over the investment properties held by the Group. The Group's bankers also hold a debenture including fixed and floating charges over all assets of the Group present and future.

Other borrowings

Other borrowings relate to loans due to directors. The loans are denominated in sterling and are interest free (2019 - interest charged at 1.5%).

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

24 Reconciliation of net debt

An analysis of net debt at the beginning and end of the reporting period and details of movements during the period is provided below:

	As at 1 January 2020	Cash flows	Other non-cash movements	As at 31 December 2020
	£	£	£	£
Cash and cash equivalents	76,549	(46,527)	-	30,022
Bank borrowings due within one year	(145,639)	75,242	(75,242)	(145,639)
Bank borrowings due after one year	(1,345,361)		75,242	(1,270,119)
Other borrowings due within one year	(1,854,723)	341,155		(1,513,568)
	<u>(3,269,174)</u>	<u>369,870</u>	<u>-</u>	<u>(2,899,304)</u>

The other non-cash movements relate to bank loan and finance lease liabilities of the subsidiary undertakings that were transferred out of the Group in the period as detailed in notes 14 and 15.

25 Dividends

Interim dividends paid

	2020 £	2019 £
Interim dividend of £Nil (2019 - £1,990.18) per each Ordinary C share	-	33,833
Interim dividend of £Nil (2019 - £3,370.81) per each Ordinary share	<u>-</u>	<u>7,004,548</u>
	<u>-</u>	<u>7,038,381</u>

The dividend on Ordinary shares in 2019 represents the carrying value of the net assets of Group's bathroom manufacturing and distribution business, including the carrying value of goodwill arising on consolidation, which was transferred to Abacus Direct Properties Holdings Limited as part of a group reorganisation on 18 December 2019. As the disposal of the assets was to the Group's ultimate parent undertaking, the transaction has been accounted for as a distribution to shareholders of the Group.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

26 Contingent liabilities

Group

The Group has provided a cross guarantee to secure borrowings of certain related companies. As at 31 December 2020, the total borrowings secured by the cross guarantee amounted to £2,868,575 (2019 - £2,656,446).

Company

The Company has provided a cross guarantee to secure borrowings of its subsidiary undertaking and certain other related companies. As at 31 December 2020, the total borrowings secured by the cross guarantee amounted to £4,284,333 (2019 - £5,492,807).

27 Related party transactions

Group

Bradbury & Pattison Partnership

The directors of the Group are partners in the Bradbury & Pattison Partnership. During the year the Group made recharges of £Nil (2019 - £6,065) and sales of £Nil (2019 - £2,668) to the Bradbury & Pattison Partnership.

At 31 December 2020, there was a loan arising to Bradbury & Pattison Partnership of £Nil (2019 - £Nil) and a net balance due from Bradbury & Pattison Partnership of £Nil (2019 - £Nil). Interest of £Nil (2019 - £10,138) was charged on the loan outstanding during the period.

As at 31 December 2020 the Group owed Mr S P Bradbury £756,784 (2019 - £961,452) and Mr I D Pattison £756,784 (2019 - £893,271). Interest amounting to £Nil (2019 - £3,708) was charged in respect of the balance due to S P Bradbury and interest amounting to £Nil (2019 - £4,557) was charged in respect of the balance due to Mr I D Pattison. In addition, the Group made sales to the directors during the year amounting to £Nil (2019 - £75,644) under normal trading terms. As at 31 December 2020, the group was owed £Nil (2019 - £Nil) by the directors in respect of these trading transactions.

Abacus Direct Limited

Abacus Direct Limited is a company under common control. As at 31 December 2020, Abacus Direct Limited owed £34,900 (2019 - £16,558) to the Group.

Design Modules Limited

Design Modules Limited is a company under common control. As at 31 December 2020, the Group owed £4,353 (2019 - £7,317 owed to the Group) to Design Modules Limited.

LFZ Manufacturing Limited

LFZ Manufacturing Limited is a company under common control. As at 31 December 2020, LFZ Manufacturing Limited owed £9,000 (2019 - £92,643) to the Group.

Abacus Direct Manufacturing Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

27 Related party transactions (continued)

BDL Marketing Limited

BDL Marketing Limited is a company under common control. During the year the Group purchased services of £Nil (2019 - £Nil) from BDL Marketing Limited and made recharges of £Nil (2019 - £170) to BDL Marketing Limited.

The Directors are the only key management personnel and their remuneration is detailed in note 10.

Company

The Company has taken the exemption set out in FRS 102 from disclosing transactions with wholly owned group members.

28 Financial instruments

All financial assets and liabilities are included in the financial statements at amortised cost.

Group

Categorisation of financial instruments

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	74,522	191,916
Financial liabilities measured at amortised cost	2,951,862	3,352,796

Items of income, expense, gains or losses

The total interest income for financial assets not measured at fair value through profit or loss is £Nil (2019 - £120). The total interest expense for financial liabilities not measured at fair value through profit or loss is £29,206 (2019 - £128,544).

Impairment

Financial assets measured at amortised cost

The amount of the impairment loss during the year is £Nil (2019 - £19,622).

29 Parent and ultimate parent undertaking

On 16 December 2019, the entire issued share capital of the Company was acquired, as part of a share-for-share exchange, by Abacus Direct Properties Holdings Limited, a company incorporated in the United Kingdom. From this date, Abacus Direct Properties Limited was the ultimate parent undertaking and the address of its registered office is: Abacus House, Jubilee Court, Copgrove, Harrogate, HG3 3TB.

The ultimate controlling parties are Mr I D Pattison and Mr S P Bradbury.