

**Group Strategic Report, Report of the Directors and**  
**Consolidated Financial Statements for the Year Ended 31 October 2015**  
**for**  
**The Abbey Group UK Ltd**

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**for the Year Ended 31 October 2015**

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**The Abbey Group UK Ltd**  
**Company Information**  
**for the Year Ended 31 October 2015**

**DIRECTORS:**

Mrs J M Neal  
R S Neal

**SECRETARY:**

R S Neal

**REGISTERED OFFICE:**

Beeley Wood Works  
Beeley Wood Lane  
Sheffield  
South Yorkshire  
S6 1ND

**REGISTERED NUMBER:**

05891820 (England and Wales)

**AUDITORS:**

Sutton McGrath Hartley Limited  
5 Westbrook Court  
Sharrowvale Road  
Sheffield  
South Yorkshire  
S11 8YZ

**The Abbey Group UK Ltd**  
**Group Strategic Report**  
**for the Year Ended 31 October 2015**

The directors present their strategic report of the company and the group for the year ended 31 October 2015.

**REVIEW OF BUSINESS**

The group has seen revenues and subsequently profits drop this year which is largely down to a competitive market place and a temporary loss of capacity in the period. The group expects to reverse this decline and press ahead with technological advancements in line with its expectations.

Turnover has fallen by 26.2% in the year, whilst cost of sales has also fallen by 27.9%.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Risk is present in all business. The directors consider the major risks and uncertainties at this point in time are:

**1. Product Mix**

Commodity-like steel products face a higher degree of competition and are more exposed to price volatility. The main trade of the group produces higher value added products that provide above average margins, stable volumes and contribute to a reduction on relative earnings fluctuations.

**2. Raw Material Position**

The cost efficiency of the group's main operations is highly dependent on the cost and availability of raw materials. The group does not rely too heavily on one major supplier for raw materials which gives the group access to readily available raw materials at competitive prices.

**3. Market Volatility**

As the main trade of the group is operates in the steel industry, its earnings are exposed to cyclical changes to supply and demand resulting in price fluctuations that can lead to varied and volatile financial performance. Management have significant experience in the steel industry which allows them to take a proactive response to cyclical changes in order to reduce the risk that market volatility has on the group's financial performance.

**The Abbey Group UK Ltd**  
**Group Strategic Report**  
**for the Year Ended 31 October 2015**

**PERFORMANCE MONITORING**

The board monitors the group's performance in a number of ways including key performance indicators. The key financial performance indicators for The Abbey Group are as follows:

	2015	2014
	£	£
Revenue	29,682,997	40,228,664
Operating profit per employee	37,639	55,786
Turnover per production employee	144,092	192,482
Return on capital employed	34.9%	52.9%
Gross profit margin	42.6%	41.2%
Operating profit margin	26.1%	28.9%
Current Ratio	1.5:1	1.61

The revenue indicator represents the value of goods delivered to customers in the year and measures sales reduction in value terms.

The operating profit per employee indicator represents the contribution per employee and measures the growth per employee in value terms.

The turnover per production employee indicator represents the sales output per employee and measures production efficiency in value terms.

The return on capital employed indicator represents the value of return to the shareholder in the year through the activities of the group and measures return in value terms.

The gross profit margin is calculated by dividing the gross profit by revenue and measures the total profitability of product sales.

The operating profit margin is the profit generated by the group from its operations excluding finance and investment income and costs before taxation. This indicator measures overall profitability of the group for the year.

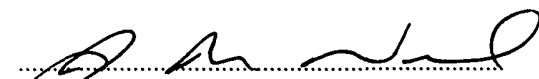
The current ratio indicator represents the value of the group's current assets against its current liabilities and measures the ability of the group to finance its operations as they fall due.

The board also considers the following key non-financial performance indicators:

1. Customer mix against plans.
2. Sales activities measured against results.

These non-financial indicators are reviewed regularly by the board.

**ON BEHALF OF THE BOARD:**

  
.....  
Mrs J M Neal - Director

Date: 22/07/2016

**The Abbey Group UK Ltd**  
**Report of the Directors**  
**for the Year Ended 31 October 2015**

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2015.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of manufacturers, forgers and distributors of steel products.

**DIVIDENDS**

Interim dividends per share were paid during the year as follows:

Ordinary £1	- £25900
B Ordinary £1	- £135000

The total distribution of dividends for the year ended 31 October 2015 will be £5,720,000.

**FUTURE DEVELOPMENTS**

The group plans for growth into future years and the directors are focused and confident regarding business development in the future. The directors expect their overall general investments within the group to increase the group's trade and profits in future years.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 November 2014 to the date of this report.

Mrs J M Neal  
R S Neal

**FINANCIAL INSTRUMENTS**

The groups principal financial instruments comprise of bank balances, trade debtors, trade creditors and loans both to and from the companies which make up the group.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance in order to ensure all due amounts can be paid within the deadlines stipulated when credit is taken. The group makes use of additional funds held in excess of that required for the day to day running of the group by investing them in high interest accounts. These do have instant access to ensure money is available when required to meet any demands on cash flow.

In respect of loans to and from the group these comprise of loans both from and to directors and employees, these are interest free and payable on demand. The directors are aware of the group's financial position and would not withdraw funds unless the group had sufficient funds to satisfy the day to day running of the group.

Trade debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding for time limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

**EURO ISSUES**

The group's systems are Euro compatible. The group has assessed the situation and does not anticipate any problems if the Euro is introduced in the UK.

**DIRECTORS INDEMNITY PROVISIONS**

The directors have been granted a qualifying third party indemnity provision under Section 234 of the Companies Act 2006. This indemnity does not provide cover in the event of a director being proven to have acted fraudulently or dishonestly.

**The Abbey Group UK Ltd**

**Report of the Directors**  
**for the Year Ended 31 October 2015**

**EMPLOYMENT POLICIES**

The group has equal opportunities policies which are applied to job applicants and existing employees.

Full and fair consideration is given to the employment of disabled persons and the group has made, and will continue to make, every effort to retain and assist any individuals disabled in the course of their employment and to help with their rehabilitation.

Employees are made aware of the financial and economic factors affecting the achievements of the group companies for which they work and the way in which their personal contributions are of fundamental importance to the further success of the business.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

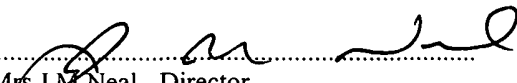
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Sutton McGrath Hartley Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Mrs J M Neal - Director

Date: 22/07/2016.....

**Report of the Independent Auditors to the Members of**  
**The Abbey Group UK Ltd**

We have audited the financial statements of The Abbey Group UK Ltd for the year ended 31 October 2015 on pages seven to twenty four. 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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on 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 company's affairs as at 31 October 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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.



David Sutton FCA (Senior Statutory Auditor)  
for and on behalf of Sutton McGrath Hartley Limited  
5 Westbrook Court  
Sharrowvale Road  
Sheffield  
South Yorkshire  
S11 8YZ

Date: 25.7.2016



**The Abbey Group UK Ltd**

**Consolidated Profit and Loss Account**  
**for the Year Ended 31 October 2015**

	Notes	2015 £	2014 £
<b>TURNOVER</b>	2	29,682,997	40,228,664
Cost of sales		17,047,596	23,644,072
<b>GROSS PROFIT</b>		12,635,401	16,584,592
Administrative expenses		4,460,526	4,487,627
		8,174,875	12,096,965
Other operating income		47,437	35,268
<b>OPERATING PROFIT</b>	5	8,222,312	12,132,233
Interest receivable and similar income		289,850	119,343
		8,512,162	12,251,576
Interest payable and similar charges	6	-	18
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		8,512,162	12,251,558
Tax on profit on ordinary activities	7	1,876,796	2,718,551
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		6,635,366	9,533,007

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current year or previous year.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis are not material.

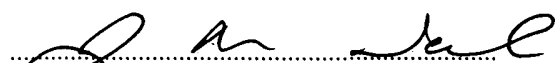
**The Abbey Group UK Ltd (Registered number: 05891820)**

**Consolidated Balance Sheet**

**31 October 2015**

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Intangible assets	10	1,474,949	1,594,916
Tangible assets	11	17,135,018	15,548,802
Investments	12	68,850	68,850
Investment property	13	3,493,698	219,631
		<u>22,172,515</u>	<u>17,432,199</u>
<b>CURRENT ASSETS</b>			
Stocks	14	824,327	1,193,260
Debtors	15	12,966,675	16,662,799
Cash at bank		14,169,922	17,822,748
		<u>27,960,924</u>	<u>35,678,807</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	3,605,280	7,486,816
		<u>3,605,280</u>	<u>7,486,816</u>
<b>NET CURRENT ASSETS</b>		<u>24,355,644</u>	<u>28,191,991</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>46,528,159</u>	<u>45,624,190</u>
<b>PROVISIONS FOR LIABILITIES</b>	17	145,320	156,717
<b>NET ASSETS</b>		<u><u>46,382,839</u></u>	<u><u>45,467,473</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	104	104
Revaluation reserve	19	104,410	104,410
Profit and loss account		46,278,325	45,362,959
<b>SHAREHOLDERS' FUNDS</b>	23	<u><u>46,382,839</u></u>	<u><u>45,467,473</u></u>

The financial statements were approved by the Board of Directors on 22/07/2016 and were signed on its behalf by:

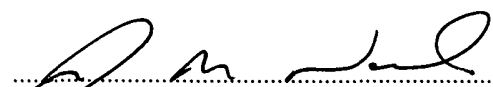
  
Mrs J M Neal - Director

**The Abbey Group UK Ltd (Registered number: 05891820)**

**Company Balance Sheet**  
**31 October 2015**

		2015	2014
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	1,368,000	1,482,000
Tangible assets	11	4,845,416	5,385,482
Investments	12	68,956	68,950
Investment property	13	-	-
		<u>6,282,372</u>	<u>6,936,432</u>
<b>CURRENT ASSETS</b>			
Debtors	15	17,950,332	16,665,987
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>194,120</u>	<u>195,657</u>
<b>NET CURRENT ASSETS</b>		<u>17,756,212</u>	<u>16,470,330</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>24,038,584</u>	<u>23,406,762</u>
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>7,759</u>	<u>69,248</u>
<b>NET ASSETS</b>		<u><u>24,030,825</u></u>	<u><u>23,337,514</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	104	104
Profit and loss account		<u>24,030,721</u>	<u>23,337,410</u>
<b>SHAREHOLDERS' FUNDS</b>	23	<u><u>24,030,825</u></u>	<u><u>23,337,514</u></u>

The financial statements were approved by the Board of Directors on .....22/07/2016..... and were signed on its behalf by:

  
.....  
Mrs J M Neal - Director

**The Abbey Group UK Ltd**

**Consolidated Cash Flow Statement**  
**for the Year Ended 31 October 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	1	13,351,113	12,851,275
Returns on investments and servicing of finance	2	289,850	119,325
Taxation		(2,887,697)	(3,618,813)
Capital expenditure and financial investment	2	(6,053,291)	(4,553,926)
Equity dividends paid		(5,720,000)	(1,215,000)
		(1,020,025)	3,582,861
Financing	2	(2,632,801)	(3,327,907)
(Decrease)/increase in cash in the period		(3,652,826)	254,954
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/increase in cash in the period		(3,652,826)	254,954
Change in net funds resulting from cash flows		(3,652,826)	254,954
Movement in net funds in the period		(3,652,826)	254,954
Net funds at 1 November		17,822,748	17,567,794
Net funds at 31 October		14,169,922	17,822,748

The notes form part of these financial statements

**The Abbey Group UK Ltd**

**Notes to the Consolidated Cash Flow Statement**  
**for the Year Ended 31 October 2015**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Operating profit	8,222,312	12,132,233
Depreciation charges	1,312,975	1,268,052
Profit on disposal of fixed assets	-	(13,090)
Decrease/(increase) in stocks	368,933	(70,777)
Decrease/(increase) in debtors	6,480,218	(1,570,124)
(Decrease)/increase in creditors	(3,033,325)	1,104,981
<b>Net cash inflow from operating activities</b>	<b>13,351,113</b>	<b>12,851,275</b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	289,850	119,343
Interest paid	-	(18)
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>289,850</b>	<b>119,325</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,666,061)	(4,610,652)
Purchase of investment property	(3,274,067)	-
Sale of tangible fixed assets	1,886,837	56,726
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(6,053,291)</b>	<b>(4,553,926)</b>
<b>Financing</b>		
Amount introduced by directors	9,766,556	932,404
Amount withdrawn by directors	(12,399,357)	(4,260,311)
<b>Net cash outflow from financing</b>	<b>(2,632,801)</b>	<b>(3,327,907)</b>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/11/14 £	Cash flow £	At 31/10/15 £
Net cash:			
Cash at bank	17,822,748	(3,652,826)	14,169,922
	17,822,748	(3,652,826)	14,169,922
<b>Total</b>	<b>17,822,748</b>	<b>(3,652,826)</b>	<b>14,169,922</b>

The notes form part of these financial statements

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements**  
**for the Year Ended 31 October 2015**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Consolidation**

The group accounts consolidate the accounts of The Abbey Group UK Limited and its subsidiary companies. The subsidiaries financial years are all coterminous with that of the company except for the subsidiary Royal Villa Number 22 Limited, whose financial year ended on 31 December 2015.

Interim accounts to 31 October 2015 for Royal Villa Number 22 Limited have been prepared and consolidated into the group accounts of The Abbey Group UK Limited.

**Turnover**

Turnover is the amount derived from ordinary activities and stated after trade discounts, other sales taxes and Value Added Tax.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2007, is being amortised evenly over its estimated useful life of twenty years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- not provided
Plant and machinery	- 25% on reducing balance, 10% on cost and 5% on reducing balance
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

The directors consider that freehold properties are maintained in such a state of repair that their residual value is at least equal to their net book values. As a result, the corresponding depreciation would not be material and therefore is not charged to the profit and loss account.

The directors perform annual impairment reviews in accordance with the requirements of FRS15 and FRS11 to ensure that the carrying value is not lower than the recoverable amount.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**1. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2015 £	2014 £
United Kingdom	20,964,501	28,221,829
Europe	3,915,888	6,617,569
Rest of the world	4,802,608	5,389,266
	<u>29,682,997</u>	<u>40,228,664</u>

**3. STAFF COSTS**

	2015 £	2014 £
Wages and salaries	6,406,735	6,389,466
Social security costs	639,750	627,510
Other pension costs	440,248	124
	<u>7,486,733</u>	<u>7,017,100</u>

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

	2015	2014
Production and Manual	134	141
Administration	75	78
	<u>209</u>	<u>219</u>

**4. DIRECTORS' EMOLUMENTS**

	2015 £	2014 £
Directors' remuneration	42,120	186,142
Directors' pension contributions to money purchase schemes	292,748	124
	<u>334,868</u>	<u>186,266</u>

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**4. DIRECTORS' EMOLUMENTS - continued**

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Other operating leases	27,504	27,504
Depreciation - owned assets	1,193,008	1,148,084
Profit on disposal of fixed assets	-	(13,090)
Goodwill amortisation	119,967	119,967
Auditors' remuneration	10,630	10,300
Auditors' remuneration for non audit work	<u>21,496</u>	<u>21,408</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£	£
Bank interest	<u>-</u>	<u>18</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
Current tax:		
UK corporation tax	1,788,658	2,726,008
Prior Year Underprovision	<u>99,535</u>	<u>-</u>
Total current tax	1,888,193	2,726,008
Deferred tax	<u>(11,397)</u>	<u>(7,457)</u>
Tax on profit on ordinary activities	<u>1,876,796</u>	<u>2,718,551</u>



**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**7. TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>8,512,162</u>	<u>12,251,558</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	1,702,432	2,572,827
Effects of:		
Expenses not deductible for tax purposes	8,324	45,641
Income not taxable for tax purposes	(2,744)	-
Depreciation in excess of capital allowances	35,797	4,207
Adjustments to tax charge in respect of previous periods	99,534	-
Tax charged at higher rates	<u>44,850</u>	<u>103,333</u>
Current tax charge	<u>1,888,193</u>	<u>2,726,008</u>

**8. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £6,413,311 (2014 - £6,367,090).

**9. DIVIDENDS**

	2015 £	2014 £
Ordinary shares of £1 each		
Interim	5,180,000	935,000
B Ordinary shares of £1 each		
Interim	<u>540,000</u>	<u>280,000</u>
	<u>5,720,000</u>	<u>1,215,000</u>

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**10. INTANGIBLE FIXED ASSETS**

**Group**

**Goodwill**  
**£**

**COST**

At 1 November 2014  
and 31 October 2015

2,057,341

**AMORTISATION**

At 1 November 2014  
Amortisation for year

462,425

119,967

At 31 October 2015

582,392

**NET BOOK VALUE**

At 31 October 2015

1,474,949

At 31 October 2014

1,594,916

**Company**

**Goodwill**  
**£**

**COST**

At 1 November 2014  
and 31 October 2015

1,896,001

**AMORTISATION**

At 1 November 2014  
Amortisation for year

414,001

114,000

At 31 October 2015

528,001

**NET BOOK VALUE**

At 31 October 2015

1,368,000

At 31 October 2014

1,482,000

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**11. TANGIBLE FIXED ASSETS**

**Group**

	<b>Freehold property £</b>	<b>Long leasehold £</b>	<b>Plant and machinery £</b>
<b>COST OR VALUATION</b>			
At 1 November 2014	11,226,679	377,307	9,135,211
Additions	3,644,383	-	943,526
Disposals	(1,886,837)	-	-
	<hr/>	<hr/>	<hr/>
At 31 October 2015	12,984,225	377,307	10,078,737
	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>			
At 1 November 2014	-	-	5,409,678
Charge for year	-	-	1,078,163
	<hr/>	<hr/>	<hr/>
At 31 October 2015	-	-	6,487,841
	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>			
At 31 October 2015	12,984,225	377,307	3,590,896
	<hr/>	<hr/>	<hr/>
At 31 October 2014	11,226,679	377,307	3,725,533
	<hr/>	<hr/>	<hr/>

	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>				
At 1 November 2014	372,966	479,843	51,798	21,643,804
Additions	65,763	-	12,389	4,666,061
Disposals	-	-	-	(1,886,837)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2015	438,729	479,843	64,187	24,423,028
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1 November 2014	316,605	339,848	28,871	6,095,002
Charge for year	43,688	53,359	17,798	1,193,008
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2015	360,293	393,207	46,669	7,288,010
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 31 October 2015	78,436	86,636	17,518	17,135,018
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2014	56,361	139,995	22,927	15,548,802
	<hr/>	<hr/>	<hr/>	<hr/>

Cost or valuation at 31 October 2015 is represented by:

	<b>Freehold property £</b>	<b>Long leasehold £</b>	<b>Plant and machinery £</b>
Valuation in 2013	104,410	-	-
Cost	12,879,815	377,307	10,078,737
	<hr/>	<hr/>	<hr/>
	12,984,225	377,307	10,078,737
	<hr/>	<hr/>	<hr/>

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**11. TANGIBLE FIXED ASSETS - continued**

**Group**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2013	-	-	-	104,410
Cost	438,729	479,843	64,187	24,318,618
	<u>438,729</u>	<u>479,843</u>	<u>64,187</u>	<u>24,423,028</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2015 £	2014 £
Cost	<u>813,302</u>	<u>813,302</u>
Value of land in freehold land and buildings	<u>917,712</u>	<u>917,712</u>

Freehold land and buildings were valued on an open market basis on 3 August 2013 by the directors..

The revaluation was undertaken by the directors after the acquisition of the subsidiary Royal Villa Number 22 Limited, the company within the group who owns the freehold title to this property, to accurately reflect the true value of the property to the group.

**Company**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 November 2014 and 31 October 2015	<u>3,662,966</u>	<u>6,135,033</u>	<u>261,719</u>	<u>266,407</u>	<u>10,326,125</u>
<b>DEPRECIATION</b>					
At 1 November 2014	-	4,412,517	261,719	266,407	4,940,643
Charge for year	-	540,066	-	-	540,066
At 31 October 2015	-	<u>4,952,583</u>	<u>261,719</u>	<u>266,407</u>	<u>5,480,709</u>
<b>NET BOOK VALUE</b>					
At 31 October 2015	<u>3,662,966</u>	<u>1,182,450</u>	-	-	<u>4,845,416</u>
At 31 October 2014	<u>3,662,966</u>	<u>1,722,516</u>	-	-	<u>5,385,482</u>

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**12. FIXED ASSET INVESTMENTS**

	Group 2015 £	2014 £	Company 2015 £	2014 £
Shares in group undertakings	106	100	106	100
Other investments not loans	68,750	68,750	68,750	67,750
	<u>68,850</u>	<u>68,850</u>	<u>68,850</u>	<u>68,850</u>

Additional information is as follows:

**GROUP**

	Shares in group undertakin gs £
<b>COST</b>	
At 1 November 2014	100
Additions	6
At 31 October 2015	<u>106</u>
<b>NET BOOK VALUE</b>	
At 31 October 2015	<u>106</u>
At 31 October 2014	<u>100</u>

	Other investments £
<b>COST</b>	
At 1 November 2014 and 31 October 2015	68,750
<b>NET BOOK VALUE</b>	
At 31 October 2015	<u>68,750</u>
At 31 October 2014	<u>68,750</u>

**COMPANY**

Shares in  
group  
undertakin  
gs  
£

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**COST**

At 1 November 2014	100
Additions	6
At 31 October 2015	<u>106</u>

**NET BOOK VALUE**

At 31 October 2015	<u>106</u>
At 31 October 2014	<u>100</u>

**Other  
investments  
£**

**COST**

At 1 November 2014 and 31 October 2015	<u>68,750</u>
--	---------------

**NET BOOK VALUE**

At 31 October 2015	<u>68,750</u>
At 31 October 2014	<u>68,750</u>

The consolidated financial statements include the results of the following subsidiaries of the parent company;

Abbey Forged Products Ltd

Forge UK Ltd

Royal Villa Number 22 Ltd (Incorporated in British Virgin Islands)

Ocean Drive Lot 2a Inc (Incorporated in British Virgin Islands)

Ocean Drive Lot 4a Inc (Incorporated in British Virgin Islands)

**13. INVESTMENT PROPERTY**

**Group**

**Total  
£**

**COST**

At 1 November 2014	219,631
Additions	3,274,067
At 31 October 2015	<u>3,493,698</u>

**NET BOOK VALUE**

At 31 October 2015	<u>3,493,698</u>
At 31 October 2014	<u>219,631</u>

On 17 January 2013, the group acquired freehold investment property in Spain. Whilst no formal valuation was undertaken to value the property as at 31 October 2015, the directors feel that the value of the property is not materially different to the amount that the property cost the group on 17 January 2013.

In the period, the group also acquired freehold investment property in Barbados. Whilst no formal valuation was undertaken to value the property as at 31 October 2015, the directors feel that the value of the property is not materially different to the amount that the property has cost the group.

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**14. STOCKS**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Work-in-progress	<b>520,509</b>	365,037
Finished goods	<b>303,818</b>	828,223
	<b><u>824,327</u></b>	<b><u>1,193,260</u></b>

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>5,783,101</b>	11,416,367	-
Amounts owed by group undertakings	-	-	<b>17,950,332</b>
Other debtors	<b>13,724</b>	3,939	-
S&G Green Loan Account	<b>(135,482)</b>	941,601	-
Directors' current accounts	<b>7,010,459</b>	4,226,365	-
VAT	<b>226,621</b>	-	-
Prepayments	<b>68,252</b>	74,527	-
	<b><u>12,966,675</u></b>	<b><u>16,662,799</u></b>	<b><u>17,950,332</u></b>
			<b><u>16,665,987</u></b>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>3,057,345</b>	5,811,850	<b>2</b>
Doubtful debts	-	18,823	-
Amounts owed to group undertakings	-	-	<b>6</b>
Tax	<b>184,346</b>	1,183,850	<b>194,112</b>
Social security and other taxes	<b>152,530</b>	170,237	-
VAT	-	198,918	-
Other creditors	<b>10,587</b>	33,178	-
Directors' current accounts	<b>151,293</b>	-	-
Accrued expenses	<b>49,179</b>	69,960	-
	<b><u>3,605,280</u></b>	<b><u>7,486,816</u></b>	<b><u>194,120</u></b>
			<b><u>195,657</u></b>

**17. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Deferred tax	<b><u>145,320</u></b>	<b><u>156,717</u></b>	<b><u>7,759</u></b>
			<b><u>69,248</u></b>

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**17. PROVISIONS FOR LIABILITIES - continued**

**Group**

	Deferred tax £
Balance at 1 November 2014	156,717
Credit to Profit and Loss Account during year	(11,397)
	<hr/>
Balance at 31 October 2015	145,320
	<hr/> <hr/>

**Company**

	Deferred tax £
Balance at 1 November 2014	69,248
Credit to Profit and Loss Account during year	(61,489)
	<hr/>
Balance at 31 October 2015	7,759
	<hr/> <hr/>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
200	Ordinary	£1	100	100
4	B Ordinary	£1	4	4
			<hr/>	<hr/>
			104	104
			<hr/> <hr/>	<hr/> <hr/>

**19. RESERVES**

**Group**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 November 2014	45,362,959	104,410	45,467,369
Profit for the year	6,635,366		6,635,366
Dividends	(5,720,000)		(5,720,000)
	<hr/>	<hr/>	<hr/>
At 31 October 2015	46,278,325	104,410	46,382,735
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**19. RESERVES - continued**

**Company**

	<b>Profit and loss account £</b>
At 1 November 2014	<b>23,337,410</b>
Profit for the year	<b>6,413,311</b>
Dividends	<b>(5,720,000)</b>
	<hr/>
At 31 October 2015	<b>24,030,721</b>
	<hr/> <hr/>

**20. RELATED PARTY DISCLOSURES**

Included in debtors is an amount due from Mrs J M & Mr RS Neal, who are both directors of the group and are the ultimate controlling parties. The loans are as follows:

	Balance brought forward as at 01/11/2014 £	Indrawn Net Salary and Dividends £	Drawings £	Balance carried forward as at 31/10/2015 £
Mrs J M and Mr R S Neal	(3,772,762)	5,180,000	(8,164,265)	(6,757,027)

The maximum outstanding balance due to the group from Mrs J M and Mr R S Neal during the year was £11,429,165.

With effect from 06/04/2015 the above overdrawn balances were subject to an interest charge calculated at 3% per annum in line with HMRC approved rates. The loans have no fixed repayment date and no credit interest is applied to balances in credit.

**21. POST BALANCE SHEET EVENTS**

There are no events since the end of the year which require disclosure to the financial statements.

**22. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Mr and Mrs Neal.

**The Abbey Group UK Ltd**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 October 2015**

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2015 £	2014 £
Profit for the financial year	6,635,366	9,533,007
Dividends	(5,720,000)	(1,215,000)
Revaluation		
Exchange rate gains on translation		
<b>Net addition to shareholders' funds</b>	<b>915,366</b>	<b>8,318,007</b>
Opening shareholders' funds	45,467,473	37,149,466
<b>Closing shareholders' funds</b>	<b>46,382,839</b>	<b>45,467,473</b>

**Company**

	2015 £	2014 £
Profit for the financial year	6,413,311	6,367,090
Dividends	(5,720,000)	(1,215,000)
<b>Net addition to shareholders' funds</b>	<b>693,311</b>	<b>5,152,090</b>
Opening shareholders' funds	23,337,514	18,185,424
<b>Closing shareholders' funds</b>	<b>24,030,825</b>	<b>23,337,514</b>

**24. POWER TO AMEND FINANCIAL STATEMENTS**

The directors have the power to amend the financial statements after they have been issued.