ABC (IT) Services Limited

Directors' report and financial statements

31 December 2011

Registered No 02314463

Directors

S F Al Waary	
N S Barbar	resigned 3rd January 2012
W J Playle	appointed 2nd February 2012

Secretary

M F Povey

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Registered Office

Arab Banking Corporation House
1-5 Moorgate
London EC2R 6AB

Directors' report

The directors present their report and financial statements for ABC (IT) Services Limited ("the Company") for the year ended 31 December 2011

Principal activity and business review

During the year the Company's main activity was to support ABC (B S C) and subsidiaries (the ABC group) for information technology requirements and system projects The Company is expected to continue in this capacity for the foreseeable future

The directors do not rely on key performance indicators to monitor the business The business is managed by monitoring the business' performance against budget, which is performed on a monthly basis Principal risks and uncertainties affecting the Company are considered at the ultimate parent company level (ABC (B S C)

The financial statements of ABC (IT) Services Limited have been prepared on the going concern basis

In assessing whether the going concern assumption remains appropriate for the Company, the Directors have considered, the underlying purpose of the Company, in providing support functions to the ABC Group, the sources of funding available to the Company, its obligations forecast to fall due within 12 months of signing the financial statements and the ability of ABC Group to support the Company

It is the Company's policy to pay suppliers in accordance with the terms and conditions agreed with them.

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 6 The Company has continued to make a profit in the current year with turnover amounting to £972,758 (2010 £926,360) The directors do not recommend the payment of a dividend (2010 - £Nil)

Directors and their interests

The directors who served during the year were S F Al Waary and N S Barbar They did not have any interest in the shares of the Company during the year

The directors benefitted from qualifying third party indemnity provision in place during the financial year and at the date of this report

Disclosure of information to the auditors

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

Auditors

In accordance with Section 487 (2) of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

By order of the board

M.F. Povey

Michael F Povey
Company Secretary

16 July 2012

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABC (IT) SERVICES LIMITED

We have audited the financial statements of ABC (IT) Services Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 3, 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 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 Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

ERNST & YOUNG

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Peter Wallace (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 July 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	3	972,758	926,360
Administrative expenses		(841,304)	(828,984)
Other operating income	4	205	10,793
Operating profit	5	131,659	108,169
Interest receivable			
From ABC Group undertakings		9,232	6,798
Other interest receivable		527	967
Profit on ordinary activities before taxation		141,418	115,934
Taxation		(8,732)	(32,929)
Profit on ordinary activities after taxation		132,686	83,005

Recognised gains and losses

A statement of total recognised gains and losses has not been included as there were no recognised gains or losses for the current or previous financial year other than those already dealt with in the profit and loss account

The results for the years ended 31st December 2011 and 31st December 2010 are derived from continuing operations

Registered No 02314463

Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
Non current assets			
Tangible fixed assets	9	–	–
Deferred tax asset	11	9,512	12,618
		9,512	12,618
Current assets			
Cash at bank and in hand		61,696	40,231
Debtors	10	1,208,903	1,091,579
		1,270,599	1,131,810
Creditors: amounts falling due within one year	12	(719,397)	(216,400)
Net current assets		551,202	915,410
Creditors. amounts falling due after more than one year	13	–	(500,000)
Net assets		560,714	428,028
Capital and reserves			
Called up share capital	14	10	10
Profit and loss account	15	560,704	428,018
Equity shareholder's funds	16	560,714	428,028

The financial statements of ABC (IT) Services Limited were approved by the board of directors and authorised for issue on 16 July 2012 and were signed on its behalf by -

Sael Al Waary
Director

Notes to the accounts

at 31 December 2011

1. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards The accounting policies adopted are consistent with those used in the previous financial year

The financial statements have been prepared on the going concern basis as the ultimate parent company, Arab Banking Corporation (B S C), has undertaken to provide the necessary finance to enable the Company to meet its obligations as they fall due The significant improvements to the political and economic situation in Libya and the resultant lifting of sanctions, including those relating to the Central Bank of Libya, towards the end of 2011 have significantly improved the overall outlook for the group Accordingly, in the Directors' view, the group is no longer exposed to a 'material uncertainty' with respect to its ability to remain a going concern The Directors are optimistic that the group's long established relationships and contacts in the MENA region will mean that business levels will return to the levels seen before these events started to unfold in 2011

At the time of approval of these financial statements, the Directors were satisfied that the capital and liquidity position of the group remained satisfactory, and that the group has liquid resources to enable it to meet its obligations for the foreseeable future, including its prospective flow of new business

2. Accounting policies

Turnover

Turnover represents the amounts derived from the provision of Information Technology related services which fall within the Company's ordinary activities Turnover is stated net of VAT, trade discounts and any other taxes based on turnover Revenue is recognised when services are provided

The Company operates in only one principal area of activity that of Information Technology related services The Company operates within two geographical markets, the United Kingdom and Overseas

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over the expected useful life as follows

Office equipment	-	3 years
Furniture and fittings	-	5 years

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date Exchange gains or losses are taken to the profit and loss account

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Debtors

Debtors, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount Where the time value of money is material, debtors are carried at amortised cost Provision is made when there is objective evidence that the Company will not be able to

Notes to the accounts

at 31 December 2011

recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Creditors

Accruals are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Pension benefits

The Company participates in a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Operating lease commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

Cash flow statement

The Company has taken advantage of the exemption in paragraph 5(a) of Financial Reporting Standard 1 (Revised 1996) from producing a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking which is included in publicly available consolidated financial statements prepared by its parent undertaking

3. Turnover

Turnover of £636,113 (2010 £605,008) was levied outside the United Kingdom. Turnover relates to one continuing activity, to support the ABC group for information technology requirements and system projects, and is stated net of VAT

	2011	*2010*
	£	*£*
United Kingdom		
ABC Group undertakings	336,645	321,352
Overseas		
ABC Group undertakings	636,113	605,008
	972,758	926,360

Notes to the accounts

at 31 December 2011

4. Other operating income

	2011	2010
	£	£
Foreign exchange profit	205	403
Miscellaneous income	–	10,390
	205	10,793

In 2010 the Company benefitted from a favourable decision from HM Treasury, resulting in a recovery of a 50% provision held for cash transferred to HM Treasury under Bona Vacantia rules in the prior year

5. Operating profit

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of tangible fixed assets	–	442
Auditor's remuneration		
Audit services	4,164	3,478
Non-audit services - taxation	7,604	12,000
Staff costs - (note 6)	661,555	637,524
Hire of plant and machinery	2,312	2,312
Other operating lease expense		
Land and buildings	64,400	64,400

6. Staff costs

(a) The monthly average number of persons employed by the Company (excluding Directors) during the year is analysed below

	2011	2010
	No	No
Systems	5	5
Administration	1	1
	6	6

(b) Employment costs of all employees included above comprise

	2011	2010
	£	£
Wages and salaries	547,574	544,363
Social security costs	62,419	58,910
Other pension costs	51,562	34,251
	661,555	637,524

Other pension costs in the current year include £16,010 (2010 Nil) in relation to salaries exchanged by employees, paid by the Company to a defined contribution scheme

Notes to the accounts

at 31 December 2011

7. Directors' remuneration

The aggregate remuneration of the Directors of the Company for the year were

	2011 £	*2010* £
Aggregate remuneration in respect of qualifying services	16,063	16,375
In respect of the highest paid Director		
Aggregate remuneration in respect of qualifying services	10,000	10,000

8. Taxation

(a) Tax on profit on ordinary activities

	2011 £	*2010* £
UK Corporation tax	(35,719)	(30,093)
Adjustment in respect of previous periods	30,093	–
Total current tax	(5,626)	(30,093)
Deferred tax		
Originating timing differences	(3,106)	(2,836)
Total tax charge for the year	(8,732)	(32,929)

(b) Reconciliation of tax on profit for the year

	2011 £	*2010* £
Profit on ordinary activities before tax	141,418	115,934
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2010 28%)	37,465	32,461
Effect of		
Disallowed expenses and non-taxable income	219	–
Capital allowances in excess of depreciation	(1,965)	(2,368)
Adjustment in respect of previous periods	(30,093)	–
Current tax	5,626	30,093

Notes to the accounts

at 31 December 2011

9. Tangible fixed assets

	Office equipment £	*Furniture and fittings* £	*Total*
Cost			
At 1 January 2011	4,456	3,833	8,289
At 31 December 2011	4,456	3,833	8,289
Depreciation			
At 1 January 2011	4,456	3,833	8,289
At 31 December 2011	4,456	3,833	8,289
Net book value			
At 31 December 2011	–	–	–
Net book value			
At 31 December 2010	–	–	–

10. Debtors

	2011 £	*2010* £
Amounts falling due within one year		
Amounts owed by holding and group companies	1,174,302	1,038,727
Other debtors	31,841	31,812
Prepayments and accrued income	2,760	21,040
	1,208,903	1,091,579

11. Deferred tax asset

	2011 £	*2010* £
Balance at 1 January	12,618	15,454
Recognised during the year	(3,106)	(2,836)
Balance at 31 December	9,512	12,618

The major components of the deferred tax asset are as follows

Capital allowances in excess of depreciation	8,578	12,618
Effect of tax rate change on opening balance	934	–
	9,512	12,618

At the year end, the Company has capital losses of £974,272 (2010 £974,272) on which no deferred tax is recognised This is due to uncertainty surrounding the availability of taxable profits against which these

Notes to the accounts

at 31 December 2011

could be offset The total deferred tax asset unrecognised at the year end is £243,568 based on the corporate tax rate of 25% (2010 £263,053 based on the corporate tax rate of 27%)

Legislation already enacted at balance sheet date means that with effect from 1st April 2012 the corporation tax rate would be reduced to 25% (from 26%) On the basis that it is anticipated that the Company's deferred tax assets are expected to unwind after 1st April 2012 the closing deferred tax asset balance has been effected at the lower rate of 25%

In the budget of 21st March 2012 the Chancellor announced that instead of reducing to 25% from 1st April 2012, the corporation tax rate would be reduced to 24% As the further reduction was not substantially enacted at 31st December 2011, the corporation tax rate of 25% was applied in calculating the Deferred Tax Asset

In addition, the Government announced its intention to further reduce the UK corporation tax rate to 23% from 1st April 2013 and 22% from 1st April 2014 The aggregate impact of the proposed reductions from 25% to 22% would reduce the recognised deferred tax asset and the unrecognised deferred tax asset by approximately £1,142 and £29,228 respectively

12. Creditors: amounts falling due within one year

	2011	*2010*
	£	*£*
Creditors and accruals	160,818	164,722
Amounts owed to ABC Group undertakings	7,000	7,476
Corporation Tax	35,719	30,093
Other taxation and social security	15,860	14,109
Subordinated Loan	500,000	–
	719,397	216,400

The subordinated loan is from the ultimate parent company, is unsecured and subordinated to other creditors It is repayable on 30 June 2012 and is interest free

13. Creditors: amounts falling due after more than one year

	2011	*2010*
	£	*£*
Subordinated Loan	–	500,000

14. Allotted and called up share capital

	2011	*2010*
	£	*£*
Authorised Ordinary shares of £10 each	10	10

Notes to the accounts

at 31 December 2011

By way of a written resolution dated 26 November 2010 the Company resolved that its share capital be reduced by cancelling and extinguishing 236,794 ordinary shares of £10 each and registered at Companies House The said reduction was effective from 10 December 2010.

15. Movements on reserves

	2011	*2010*
	£	£
Balance at 1 January	428,018	345,013
Profit for the year	132,686	83,005
Balance at 31 December	560,704	428,018

16. Reconciliation of movement in shareholder's funds

	2011	*2010*
	£	£
Opening shareholder's funds	428,028	345,023
Profit for the year	132,686	83,005
Closing shareholder's funds	560,714	428,028

17. Commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011	*Other 2011*	*Land and buildings 2010*	*Other 2010*
	£	£	£	£
Within one year	64,400	578	64,400	–
Between one and five years	–	–	–	2,312
	64,400	578	64,400	2,312

18. Pension scheme

The Company operates a defined contribution scheme The assets of the scheme are held separately from those of the Company, in an independently administered fund.

The pension cost charged to the profit and loss account represents contributions payable to the fund and amounts to £51,562 (2010 £34,251) There are no contributions (2010 Nil) payable to the fund at the year end.

Notes to the accounts

at 31 December 2011

19. Related party transactions

The Company is wholly owned by its parent undertaking and as such has taken advantage of the exemption given in paragraph 3(c) of Financial Reporting Standard 8 to subsidiaries from disclosing related party transactions with other group companies

The directors are unaware of any other related party transactions requiring disclosure

20. Ultimate parent company

The Company's immediate parent undertaking is ABC Group (UK) Holdings Limited which is registered in England ABC Group (UK) Holdings Limited has included the Company in its group accounts, copies of which are available from Arab Banking Corporation House, 1-5 Moorgate, London EC2R 6AB

The ultimate parent company is Arab Banking Corporation (B S C), a company incorporated in Bahrain Copies of the group accounts may be obtained from Arab Banking Corporation House, 1-5 Moorgate, London EC2R 6AB