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**ABC (IT) Services Limited**

**Directors' report and financial statements**

31 December 2012

TUESDAY



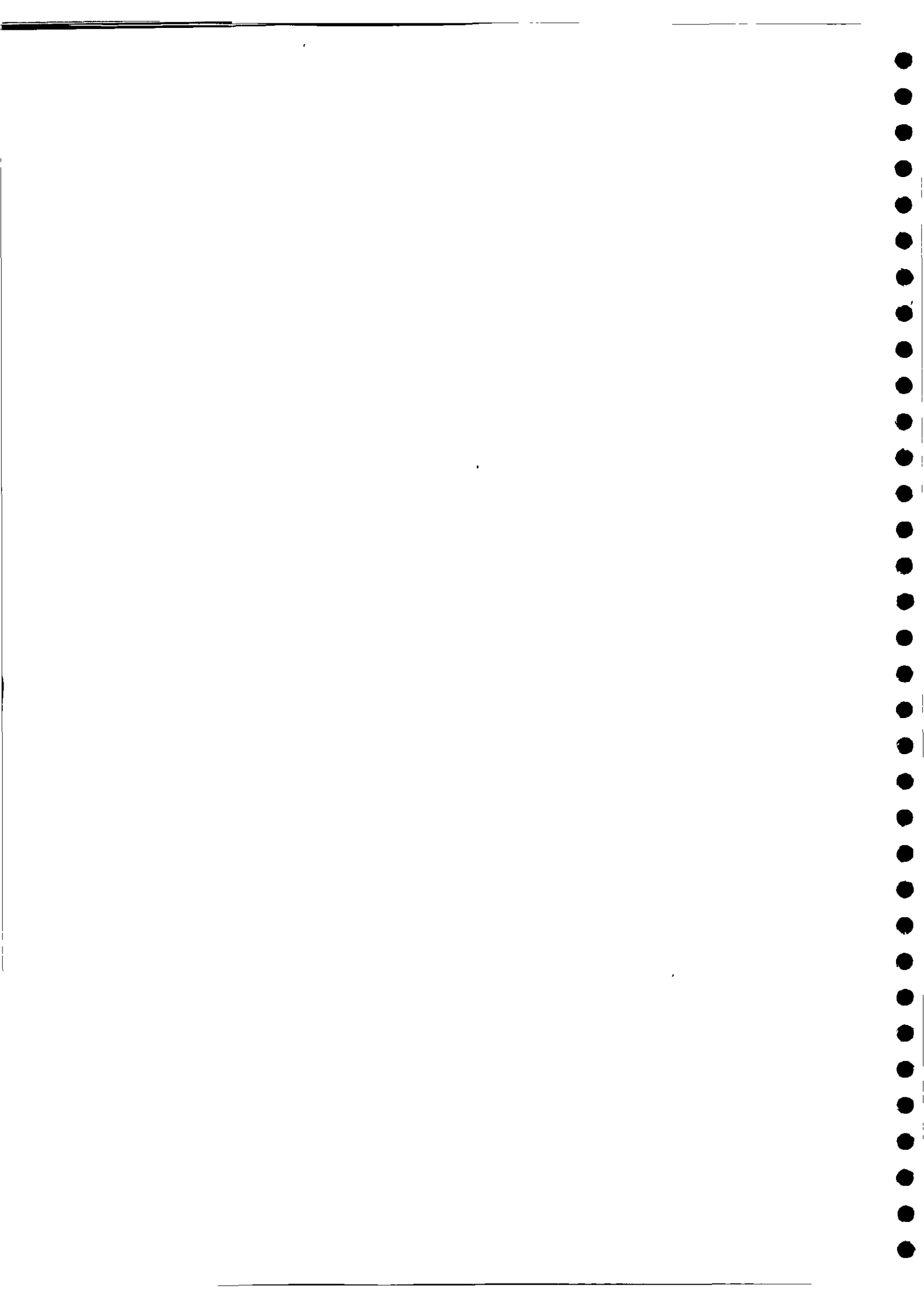
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COMPANIES HOUSE



ABC (IT) Services Limited

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Registered No 02314463

**Directors**

S F Al Waary

W J Playle

appointed 2<sup>nd</sup> 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 2012

### Principal activities

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 Company's immediate parent undertaking is ABC Group (UK) Holdings Limited which is registered in England.

### Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 7. The Company has continued to make a profit in the current year with turnover amounting to £1,019,946 (2011: £972,758). The directors do not recommend the payment of a dividend (2011: £Nil).

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)).

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

### Going concern

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

In forming the opinion that the Company will continue as a going concern for a period of at least 12 months from the signing of the financial statements, 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. Consequently, it is considered appropriate to prepare the financial statements on the going concern basis.

### Directors

The directors who served during the year were S F Al Waary and W J Playle. 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.

## Directors' report

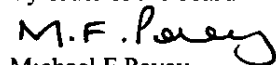
### Disclosure of information to the auditor

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 make 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



Michael F Povey  
Company Secretary

2<sup>ND</sup> JULY 2013

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABC (IT) SERVICES LIMITED**

We have audited the financial statements of ABC (IT) Services Limited (the "Company") for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 set out on page 4, 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 and Financial Statement 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 2012 and of its profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

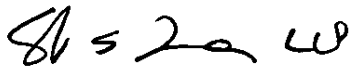
### **Opinion on other matter prescribed by the Companies Act 2006**

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  
Date

**-4 JUL 2013**



## Profit and loss account

for the year ended 31 December 2012

	<i>Notes</i>	2012 £	2011 £
<i>Turnover</i>	3	1,019,946	972,758
Administrative expenses		(932,250)	(841,304)
Other operating (expense)/income	4	(783)	205
<i>Operating profit</i>	5	<u>86,913</u>	<u>131,659</u>
<i>Interest receivable</i>			
From ABC Group undertakings		13,731	9,232
Other interest receivable		925	527
<i>Profit on ordinary activities before taxation</i>		<u>101,569</u>	<u>141,418</u>
Taxation	8	33,340	(8,732)
<i>Profit on ordinary activities after taxation</i>	14	<u><u>134,909</u></u>	<u><u>132,686</u></u>

### *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 2012 and 31st December 2011 are derived from continuing operations

# ABC (IT) Services Limited

Registered No 02314463

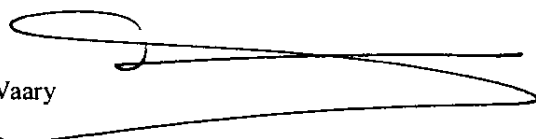
## Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
<i>Non current assets</i>			
Tangible fixed assets	9	–	–
Deferred tax asset	11	7,133	9,512
		<u>7,133</u>	<u>9,512</u>
<i>Current assets</i>			
Cash at bank and in hand		37,090	61,696
Debtors	10	857,027	1,208,903
		<u>894,117</u>	<u>1,270,599</u>
<i>Creditors</i> amounts falling due within one year	12	(205,627)	(719,397)
		<u>688,490</u>	<u>551,202</u>
<i>Net current assets</i>		<u>695,623</u>	<u>560,714</u>
<i>Net assets</i>		<u>695,623</u>	<u>560,714</u>
<i>Capital and reserves</i>			
Called up share capital	13	10	10
Profit and loss account	14	695,613	560,704
<i>Equity shareholder's funds</i>	15	<u>695,623</u>	<u>560,714</u>

The financial statements of ABC (IT) Services Limited were approved by the board of directors and authorised for issue on 2<sup>nd</sup> July 2013 and were signed on its behalf by -

Sael Al Waary  
Director



## Notes to the accounts

at 31 December 2012

### 1. Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted 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.

### 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. Provision is made when there is objective evidence that the Company will not be able to 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.

## Notes to the accounts

at 31 December 2012

### 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

In assessing the recoverability of deferred tax assets, management considers forecast profits

### 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

There is no requirement to prepare a statement of cash flows in accordance with Financial Reporting Standard 1

### 3. Turnover

Turnover of £664,905 (2011 £636,113) 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

	2012	2011
	£	£
United Kingdom		
ABC Group undertakings	355,041	336,645
Overseas		
ABC Group undertakings	664,905	636,113
	<u>1,019,946</u>	<u>972,758</u>

### 4. Other operating (expense)/income

	2012	2011
	£	£
Foreign exchange (loss)/profit	(783)	205
	<u>(783)</u>	<u>205</u>

## Notes to the accounts

at 31 December 2012

### 5. Operating profit

Operating profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets	–	–
Auditor's remuneration		
Audit services	4,164	4,164
Non-audit services - taxation	(2,950)	7,604
Staff costs - (note 6)	765,718	661,555
Hire of plant and machinery	1,628	2,312
Other operating lease expense		
Land and buildings	64,400	64,400
	<u>                    </u>	<u>                    </u>

### 6. Staff costs

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

	2012	2011
	No	No
Systems	5	5
Administration	1	1
	<u>                    </u>	<u>                    </u>
	6	6
	<u>                    </u>	<u>                    </u>

(b) Employment costs of all employees included above comprise

	2012	2011
	£	£
Wages and salaries	634,341	547,574
Social security costs	74,332	62,419
Other pension costs	57,045	51,562
	<u>                    </u>	<u>                    </u>
	765,718	661,555
	<u>                    </u>	<u>                    </u>

Other pension costs in the current year include £20,280 (2011 £16,010) in relation to salaries exchanged by employees, paid by the Company to a defined contribution scheme

### 7. Directors' remuneration

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

	2012	2011
	£	£
Aggregate remuneration in respect of qualifying services	14,824	16,063
	<u>                    </u>	<u>                    </u>
In respect of the highest paid Director		
Aggregate remuneration in respect of qualifying services	10,382	10,000
	<u>                    </u>	<u>                    </u>

## Notes to the accounts

at 31 December 2012

### 8. Taxation

(a) Tax on profit on ordinary activities

	2012 £	2011 £
UK Corporation tax	–	(35,719)
Adjustment in respect of previous periods	35,719	30,093
Total current tax	<u>35,719</u>	<u>(5,626)</u>
Deferred tax		
Originating timing differences	(2,379)	(3,106)
Total tax charge for the year	<u>33,340</u>	<u>(8,732)</u>

(b) Reconciliation of tax on profit for the year

	2012 £	2011 £
Profit on ordinary activities before tax	<u>101,569</u>	<u>141,418</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(24,882)	(37,465)
Effect of		
Disallowed expenses and non-taxable income	–	(219)
Group relief claimed	23,157	–
Capital allowances in excess of depreciation	1,725	1,965
Adjustment in respect of previous periods	35,719	30,093
Current tax	<u>35,719</u>	<u>(5,626)</u>

### 9. Tangible fixed assets

	<i>Office equipment</i> £	<i>Furniture and fittings</i> £	<i>Total</i>
Cost			
At 1 January 2012	4,456	3,833	8,289
At 31 December 2012	<u>4,456</u>	<u>3,833</u>	<u>8,289</u>
Depreciation			
At 1 January 2012	4,456	3,833	8,289
At 31 December 2012	<u>4,456</u>	<u>3,833</u>	<u>8,289</u>
Net book value			
At 31 December 2012	<u>–</u>	<u>–</u>	<u>–</u>
Net book value			
At 31 December 2011	<u>–</u>	<u>–</u>	<u>–</u>

## Notes to the accounts

at 31 December 2012

### 10. Debtors

	2012	2011
	£	£
Amounts falling due within one year		
Amounts owed by holding and group companies	823,519	1,174,302
Other debtors	30,906	31,841
Prepayments and accrued income	2,602	2,760
	<u>857,027</u>	<u>1,208,903</u>

### 11. Deferred tax asset

	2012	2011
	£	£
Balance at 1 January	9,512	12,618
Recognised during the year	(2,379)	(3,106)
Balance at 31 December	<u>7,133</u>	<u>9,512</u>
The major components of the deferred tax asset are as follows		
Capital allowances in excess of depreciation	7,306	8,578
Effect of tax rate change on opening balance	(173)	934
	<u>7,133</u>	<u>9,512</u>

At the year end, the Company has capital losses of £974,272 (2011 £974,272) on which no deferred tax is recognised. This is due to uncertainty surrounding the availability of taxable profits against which these could be offset. The total deferred tax asset unrecognised at the year end is £224,083 based on the corporate tax rate of 23% (2011 £243,568 based on the corporate tax rate of 25%).

The Finance Bill 2012 was substantively enacted on 3<sup>rd</sup> July 2012. The reduction to the standard rate of corporation tax from 24% to 23% will be effective from 1<sup>st</sup> April 2013. Accordingly the deferred tax balances at 31<sup>st</sup> December 2012 have been stated at 23%. A further rate reduction of 2% has been announced on 5<sup>th</sup> December 2012 which will reduce the tax rate to 21% in 2014. This additional change will be enacted separately.

The maximum effect on unrecognised deferred tax of the reduction in the UK corporation tax rate to 21% is expected to be £19,486 (equivalent to 2% of the closing gross unrecognised deferred tax balance).

## Notes to the accounts

at 31 December 2012

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

	2012	2011
	£	£
Creditors and accruals	174,483	160,818
Amounts owed to ABC Group undertakings	13,585	7,000
Corporation Tax	–	35,719
Other taxation and social security	17,559	15,860
Subordinated Loan	–	500,000
	<u>205,627</u>	<u>719,397</u>

The subordinated loan from the ultimate parent company was repaid on 30 June 2012

### 13. Allotted and called up share capital

	2012	2011
	£	£
Authorised Ordinary shares of £10 each	<u>10</u>	<u>10</u>

### 14. Movements on reserves

	2012	2011
	£	£
Balance at 1 January	560,704	428,018
Profit for the year	134,909	132,686
Balance at 31 December	<u>695,613</u>	<u>560,704</u>

### 15. Reconciliation of movement in shareholder's funds

	2012	2011
	£	£
Opening shareholder's funds	560,714	428,028
Profit for the year	134,909	132,686
Closing shareholder's funds	<u>695,623</u>	<u>560,714</u>



## Notes to the accounts

at 31 December 2012

### 16. Commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2012</i>	<i>2012</i>	<i>2011</i>	<i>2011</i>
	£	£	£	£
Within one year	64,400	1,400	64,400	578
	<u>64,400</u>	<u>1,400</u>	<u>64,400</u>	<u>578</u>

### 17. 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 £57,045 (2011: £51,562). There are no contributions (2011: Nil) payable to the fund at the year end.

### 18. 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.

### 19. 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.