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· ASSOCIATED BRITISH ENGINEERING PLC ·

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

ASSOCIATED BRITISH ENGINEERING PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Company Number: 00110663

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The Directors' Report on pages 3 to 5 and the Directors' Remuneration Report on pages 51 and 53 have each been drawn up in accordance with the requirements of English law and liability in respect thereof is also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Associated British Engineering plc.

The directors submit to the members their Report and Accounts for the Group for the year ended 31 March 2014. Pages 1 to 8 and 46 to 54, including the Financial Highlights, Chairman's Statement, Directors' Report, Strategic Report, Corporate Governance Report, Directors' Remuneration Report and the Directors, Registered Office and Advisers page form part of the Report of the Directors.

FINANCIAL HIGHLIGHTS

	2014 **£'000**	2013 £'000 (restated)
REVENUE	**2,667**	2,488
OPERATING (LOSS)	**(308)**	(31)
LOSS BEFORE TAXATION	**(328)**	(71)
NET ASSETS	**2,858**	3,754
BASIC LOSS PER 2.5p ORDINARY SHARE	**(4p)**	(2p)
EQUITY SHAREHOLDERS' FUNDS PER 2.5p ORDINARY SHARE	**£1.39**	£1.83

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

The Chairman's Statement forms part of the Strategic Report.

The Group's operating loss increased from £31,000 in the previous year to a loss of £308,000 in the year to 31 March 2014. The increased loss was largely due to losses at British Polar Engines Limited's ("BPE") subsidiary Akoris Trading Limited ("Akoris"). BPE is our main operating subsidiary and its turnover increased from £2.5 million (2013) to £2.7 million on improved gross margins.

The market in which BPE operates remains unpredictable and subject to sensitivity arising from the wider world economy and political events; but there are encouraging indications that some stability will return in the near future.

Akoris has started to generate revenue in the post balance sheet period, albeit at modest levels, and we are closely monitoring progress in our attempts to create value in the company.

The IAS 19 Pension Valuation has resulted in the pension deficit for BPE increasing from £931,000 to £1,414,000 at 31 March 2014. Shareholders will appreciate that the calculations surrounding these figures result from a combination of facts and assumptions which are set out more fully in the Notes to these accounts.

The Board continues carefully to monitor central costs and is seeking to identify a suitable corporate transaction to take the Group forward.

D A H Brown
Chairman

7 July 2014

The directors submit their report and audited accounts for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

During the year the Company acted as a parent undertaking for a subsidiary engaged in diesel and related engineering activities, for a subsidiary engaged in commodity and natural resource trading, finance and investment and also a dormant subsidiary. Details of the subsidiaries are set out in note 23.

RESULTS AND DIVIDENDS

The Group's loss after tax amounted to £316,000. The directors are unable to recommend a dividend on the ordinary shares for the year (2013: nil per ordinary share).

DIRECTORS

The names of the directors who served during the period from 1 April 2013 to 31 March 2014 are:

Mr D A H Brown	Chairman
Mr S J Cockburn	Non-Executive Director
Mr C Weinberg	Non-Executive Director
Mr A R Beaumont	Non-Executive Director

Biographical details of the directors are set out on page 53.

In accordance with the Articles of Association Mr S Cockburn retires by rotation and, being eligible, offers himself for re-election.

SUBSTANTIAL HOLDINGS

As at 12 June 2014 the Company had been notified of the following substantial interests, in excess of 3%, in the issued ordinary share capital of the Company:

W B Nominees Limited	22.6%
R A Pearce Gould	12.4%
(Part of Mr Pearce Gould's holding for his pension fund is held in Rulegale Nominees Limited – see below)	
Fiske Nominees Limited (FISKPOOL)	8.9%
(Of which I A W Tyler has 3.2% of issued ordinary shares)	
Rulegale Nominees Limited	8.1%
(Of which R A Pearce Gould's pension fund has 4.7% of issued ordinary shares; this holding is included above under Mr Pearce Gould's overall beneficial holding)	
Fitel Nominees Limited (DMOD)	7.3%
BNY (OCS) Nominees Limited	4.9%
(Of which all is The Investment Company PLC)	
Hargreaves Lansdown (Nominees) Limited	4.6%
(Of which D Newlands has 4.1% of issued ordinary shares)	

BENEFICIAL INTERESTS IN SIGNIFICANT CONTRACTS

None of the directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was party during the year.

BENEFICIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The beneficial interests of the directors, their spouses and children in the share capital of the Company according to the register kept by the Company as at 1 April 2013 and 31 March 2014 were as follows:

	Ordinary shares of 2.5p 2014 No.	Ordinary shares of 2.5p 2013 No.
Mr D A H Brown	93,312	93,312
Mr S J Cockburn	72,237	72,237
Mr C Weinberg	161,416	115,916

At the relevant dates Mr S J Cockburn had a non-beneficial interest in 80,859 (2013: 80,859) ordinary shares.

At 31 March 2014 David Brown had a 12.4% (2013: 12.4%) interest in the shares of Akoris Trading Limited.

No share options were held by any of the directors at 31 March 2014 or 31 March 2013.

Since 31 March 2014 and up to and including 31 May 2014 there have been no changes in the directors' interests in the share capital of the Company.

The Group uses various financial instruments and these include cash, equity investments, loan stock and various others, such as trade receivables and trade payables which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. Details of the group's exposure to price risk, liquidity risk and credit risk are given in note 19.

The structure of the Group's and Company's capital, at nominal value, is as follows:

	No. in issue	Nominal Value £	Total Value £	% of Capital %
Ordinary shares	2,048,990	0.025	51,225	1.9
Deferred shares	1,313,427	1.975	2,594,018	98.1

Further details of the policies adopted by the Group in respect of the financial risk management are included within note 19 to the Group financial statements.

DISABLED PERSONS

It is the Group's policy to give sympathetic consideration to the recruitment, continuing employment, training, career development and promotion of disabled persons.

GLOBAL GHG EMISSIONS DATA FOR THE YEAR ENDED 31 MARCH 2014

In compliance with the Climate Change Act (2008) each business division in the group has reported scope 1 and 2 emissions to provide a consolidated total of each source of greenhouse gas emissions for the year ended and these were as follows:

GLOBAL GHG EMISSIONS DATA FOR THE YEAR ENDED 31 MARCH 2014 (continued)

Combustion of fuel and operation of facilities: 155 tonnes of CO_2 e

Electricity, heat, steam and cooling purchased for own use: 89 tonnes of CO_2 e

The Group's chosen intensity measurement

Emissions reported above (244 tonnes of CO_2 e) normalised to per £'000 of revenue (£2,667k): 0.09

Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), to gather data to fulfil our requirements, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014.

AUDITOR

Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

By order of the Board

For and on behalf of haysmacintyre Company Secretaries Limited
Company Secretary

7 July 2014

BUSINESS REVIEW

A review of the business and of events during the year is contained in the Chairman's Statement which forms part of the Strategic Report.

BUSINESS MODEL AND STRATEGY

The Associated British Engineering Group consists of the following two trading subsidiaries:

1. British Polar Engines Limited ("BPE"), a wholly owned subsidiary, carries out Associated British Engineering's core operating activity of manufacturing and supplying diesel engines and spare parts for diesel engines together with associated repair work.

2. Akoris Limited ("Akoris"), a subsidiary of BPE, which continued to develop its business in natural resource and commodities trading though did not generate any revenue during the year.

BPE's business model and strategy (by division):

Sales
Our sales team deal with the distribution of spare parts worldwide, the team are well versed on our wide range of products and maintain a high level of technical knowledge. We sell and provide replacement parts for Diesel Engines principally in two key ranges and for generator sets. All our major items are certified by Lloyds Register.

Repair and maintenance
We provide a twenty four hour service worldwide to our customers. Repair and maintenance work is carried out on site and in house. We carry out Major Engine Overhauls, upgrade and retrofits, as well as routine engine maintenance and service work for generator sets. Our engineers are highly experienced and able to provide technical support/assistance on site.

Our business model to achieve our strategic objectives is:

1. To meet the highest standards of customer service in some of the most demanding industrial sectors.

2. To continue the training and development of our workforce. We are currently looking at succession planning.

3. To unify standards and procedures. With the high levels of quality, safety and efficiency procedures adhered to within the company, we continue to adjust and raise our operating standards investing in new production equipment when justified.

4. To maintain a strong governance framework. The Senior Management team operate within a tight framework of controls, monitored and directed by our two executive directors under direction of the Board.

Akoris business model and strategy

During the year the strategy of Akoris changed as implied in the interim statement. In the latter half of the year Akoris looked to acquire a Dutch aluminium trader but after extensive negotiations and due diligence the management of Akoris failed to conclude a satisfactory deal and the acquisition was abandoned. It is regrettable that a considerable amount of management time and expense was expended to no avail. Today Akoris is concentrating on developing an aluminium trading business in the Far East. We hope to start generating revenue streams in the forthcoming trading period. Our business model shows potential for attractive returns for our shareholders using our in-house expertise and knowhow. While Akoris had not entered into any trades in this financial period it is the intention to test this model vigorously prior to entering a full operation. Akoris strategy is to grow organically and generate revenues through the identification of market opportunities, enabling us to buy and sell commodities and natural resources with a focus on a number of key areas of our expertise whilst ensuring that our liquidity position is strengthened by generating positive cash flow and maintaining a flexible capital base in order to support future growth and shareholder returns, whilst keeping a tight rein on expenditure.

PRINCIPAL RISKS FACING THE BUSINESS

The Group's main operating businesses are its subsidiaries BPE and Akoris.

Business activity in the sector in which BPE primarily operates has in recent years been buoyed by sales to the oil services business. The past year has demonstrated that this business remains sensitive to economic downturn as orders have been delayed and deferred. 2014 has seen an increase in revenue compared to the previous year but margins have been adversely affected by pricing pressure from competitors within the EU while the EU economy remains depressed. We are actively seeking new areas of operations and we anticipate new trading opportunities overseas which should improve turnover in 2015.

Akoris is dependent on the volume of supply and demand for aluminium which it trades in, which can fluctuate depending on a number of external factors beyond its control such as changes in global production capacity, government policies, global and regional economic conditions and natural disasters. The price of this commodity is dependent on the activities of the competitors, speculators, exchange rate movements and production costs. All of these factors could have a significant impact on the Group's revenues and cost base.

The trading outlook for the Group remains unpredictable due to exposure to both volatile pricing and periodic cyclical swings. A review of the record of the trading results over the last decade amply demonstrates this with both revenue and operating profit increasing and declining with the oil sector. The Group's income stream fluctuates throughout the year as a result of the nature and size of the orders and order flows. It is therefore difficult to forecast trading and profitability to any great degree.

The economic climate generally, and in our area of operation specifically, will continue to impact on the income and performance of the Group. The directors aim to keep abreast of the economic climate and business strategy will be continually reviewed and updated to deal with changes.

Further consideration of risks and uncertainties in respect of financial instruments that face the Group and Company is contained in note 19 to the Group financial statements.

KEY PERFORMANCE INDICATORS

The Group uses various indicators to monitor its progress. Sales, service and production are continually monitored against set monthly budgets to compare and improve upon gross profit and operating profit margins. Budgets are set on a monthly and annual basis but the directors have not enhanced the disclosures in this regard as one key transaction stalling could have a significant impact on the feasibility of the budget meaning that such disclosures are not considered useful to users of the accounts.

The Group reviews the Pension Fund liability, the key assumptions underpinning the actuarial valuation and the minimum funding requirement on a continual basis. The key assumptions underpinning the actuarial valuation are reviewed and compared with industry norms; there were no notable variances from the prior year.

CORPORATE GOVERNANCE

Details of corporate governance, which is part of this report for the year to 31 March 2014, are disclosed in the corporate governance report on page 47.

CORPORATE SOCIAL RESPONSIBILITY

Environment

The Group is committed to the protection of the environment and the development of processes which ensure that any adverse impact on the environment arising from their trading activities is minimised by encouraging reduction in waste, awareness of recycling, and encouraging employees to pay regard to environmental issues.

CORPORATE SOCIAL RESPONSIBILITY (continued)

Employees

The Group currently employs thirty people, including four male non-executive directors and nine senior managers, eight male and one female. We have a dedicated and loyal workforce, many of whom are long serving employees. Over the next few years it is our intention to introduce new members of staff to ensure continuity and the passing on of knowledge for the future.

	Total no. of officers/employees	Number of males %	Number of females %
Senior Management	9	89	11
Whole Workforce	30	90	10

By order of the Board

For and on behalf of haysmacintyre Company Secretaries Limited
Company Secretary

7 July 2014

We have audited the financial statements of Associated British Engineering plc for the year ended 31 March 2014 which comprise the group income statement, the group statement of comprehensive income, the group balance sheet, and the group cash flow statement, the group statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 46, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Auditor commentary

The group consists of the parent company, Associated British Engineering plc, and its two trading subsidiary undertakings, British Polar Engines Limited and Akoris Limited. In establishing the overall approach to the group audit, we determined the work that needed to be performed on the operating businesses by us, as the group engagement team. Our audit scope included a full audit of the group financial statements of the parent company, Associated British Engineering plc, and the financial information of the two subsidiary undertakings.

We undertook planned site visits to evaluate controls over key financial systems identified as part of our risk assessment, reviewed the accounts production and consolidation processes and addressed critical accounting matters. We attended the year end stock count of British Polar Engines, the main operating location of the group, in order to evaluate and test the controls over inventories. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Our audit approach included the use of the work of management's and auditor's experts to assist with the audit. We reviewed the actuarial report obtained from the group's actuary on the valuation of the defined benefit pension scheme in order to ascertain the net liabilities of the scheme at the year end. Our actuarial specialists undertook a review of the assumptions and conclusions formed in this report. We have evaluated the adequacy of the work of these experts in respect of our audit.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission. For the group audit, we established materiality for the group financial statements as a whole to be £30,000. For the financial information of the individual subsidiary undertakings, we set our materiality based on a proportion of group materiality appropriate to the relative scales of each of the operating businesses.

We determined the threshold at which we communicate misstatements to the Audit Committee to be £1,500. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk
Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the group financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

Measurement of the defined benefit pension liability
The Company has a significant defined benefit pension scheme, which has a deficit of £1,414,000 at the year end. The pension scheme is accounted for in accordance with IAS 19 'Employee Benefits'. The process to measure the pension liability, including the determination of the appropriate timing of recognition, involves significant judgement as the valuation is subject to complex actuarial assumptions. We therefore identified the defined benefit pension scheme as an area requiring particular audit attention.

Our audit work included, but was not restricted to, reviewing the appropriateness of the IAS 19 valuation methodology; agreeing underlying data sent to actuaries and agreeing asset values to underlying investment manager statements. We also involved our actuarial specialists to independently challenge management's assumptions and hold discussions with the company's actuary.

The group's pension assumptions are set out in detail, together with related IAS 19 disclosures, in the group accounting policies and note 17 to the group financial statements.

Recognition of revenue
Revenue for British Polar Engines Limited represents 100% of total group revenue. Revenue is a significant material item in the group income statement. Accordingly the recognition of revenue is therefore identified as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, a review of the group's revenue recognition policy; obtaining an understanding of the controls over the process, including challenging management's judgement regarding timing and recoverability of revenue; and for a sample of transactions ensuring that revenue has been recognised in accordance with the stated policy.

The group's accounting policy on the recognition of revenue are included in the group accounting policies and the components of that revenue are included in note 1 to the group financial statements.

Inventory valuation and existence
British Polar Engines Limited holds significant amount of inventory which is used for the manufacture and sales of diesel engines and spare parts as well as associated repair works. Inventory items may be held for long period of time before utilisation making them vulnerable to obsolescence or theft. This could result in an overstatement of the value of inventory if the historical cost is higher than the net realisable value through sales. Furthermore, the assessment and application of inventory provisions are subject to significant management judgement. We have therefore identified inventory existence and valuation as a reasonably possible risk requiring special audit consideration.

Our audit work included, but was not restricted to, the attendance of the stock count at the year end and the assessment of the adequacy and quality of controls during the stock take. We also reviewed a sample of stock items to ensure they were held at the lower of cost and net realisable value, and evaluated the management judgement with regards to the application of provisions to inventory lines.

The group's accounting policies are included in the group accounting policies and disclosures are included in note 12 to the group financial statements.

Management override of financial control
Under ISAs (UK & Ireland), for all of our audits we are required to consider the risk of management override of financial controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Management override of financial control (continued)
Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA 240 ' The Auditors Responsibilities relating to Fraud in an Audit of Financial Statements'. This included tests of journal entries, the evaluation of judgements and assumptions in management's estimates and tests of significant transactions outside the normal course of business.

In particular, our work on the defined benefit pension scheme and stock provisions addressed key aspects of ISA 240.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Other reporting responsibilities
Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that were communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 50, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matter
We have reported separately on the parent company financial statements of Associated British Engineering plc for the year ended 31 March 2014, and on the information in the Directors' Remuneration Report that is described as having been audited.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants,
Oxford

7 July 2014

BASIS OF PREPARATION

The Company is incorporated in the United Kingdom under the Companies Act 2006.

These Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The policies set out below have been consistently applied to all the years presented.

The consolidated financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (31 March 2014) or which have been adopted early.

NEWLY ISSUED ACCOUNTING STANDARDS

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 27 Separate Financial Statements (amendment effective 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (effective from 1 January 2014)
- IAS 32 Financial Instruments Presentation (amendment effective 1 January 2014)
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (amendment effective 1 January 2014)
- IFRS 9 Financial Instruments (effective from 1 January 2018)
- IFRS 10 Consolidated Financial Statements (amendment effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective from 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (amendment effective 1 January 2014)

The directors anticipate that the adoption of the above Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE FIRST TIME

(Effective for annual periods beginning on or after 1 July 2013)

Amendments to IAS 1: Presentation of Financial Statements
The amendments revise the way other comprehensive income is presented (OCI). They require entities to group items presented in OCI based on whether they are potentially re-classifiable to profit or loss subsequently.

For the purpose of these financial statements, the directors do not believe the amendments have any impact on the financial statements as the profit or loss and OCI have been presented together as in prior years.

(Effective for annual periods beginning on or after 1 January 2013)

Amendments to IAS 19: Employee Benefits

The amendments provide revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.

In the current year, the Group has applied IAS 19 *Employee Benefits* (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosure. Specific transitional provisions are applicable to first time application of IAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the table below for details).

Impact on total comprehensive income for the year of application of IAS 19 (as revised in 2011)	**2014 £'000**	**2013 £'000**
Impact on profit (loss) for the year		
Decrease in finance expenses	41	41
Increase in profit for the year	41	41
Impact on other comprehensive income for the year		
Increase in defined benefit obligation	(41)	(41)
Increase in profit for the year attributable to:		
Owners of the company	41	41
Non-controlling interests	-	-
	41	41
Increase in total comprehensive income for the year attributable to:		
Owners of the company	-	-
Non-controlling interests	-	-
	-	-

Amendments to IAS 32: Financial Instruments: Presentation

The amendments clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

For the purpose of these financial statements, the directors do not believe the amendments have any impact on the financial statements as there have been no distributions made to holders of an equity instrument and no equity transactions in the year ended 31 March 2014.

Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards

The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans.

For the purpose of these financial statements, the directors do not believe the amendments have any impact on the financial statements as they are not first time adopters of the International Financial Reporting Standards.

Amendments to IFRS 7: Financial Instruments

Amends the disclosure requirements in IFRS 7 Financial Instruments: Disclosures to require information about all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

For the purpose of these financial statements, the directors do not believe the amendments have any impact on the financial statements as no financial instruments are held which are set off in accordance with IAS 32 and no financial instruments are subject to enforceable master netting and similar arrangements.

Amendments to IFRS 13: Fair Value Measurement

The amendment replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.

For the purpose of these financial statements the directors do not believe the amendments have any impact on the financial statements as the fair value of the investment assets held by the Company is calculated by reference to the quoted market price at the year end.

GOING CONCERN

The financial statements have been prepared on the going concern basis. There have been no changes to accounting policies in the year. The most notable accounting event has been the recent restructuring of the Company's capital base and the increase in the pension scheme deficit based on this year's actuarial forecast and referred to in the Chairman's Statement. The directors have agreed a revised schedule of contributions to eliminate the deficit on the ABE Pension Fund over thirteen years starting from the year ended 31 March 2010. Based on the Group's budgets and cash forecasts, the Board considers that the Group has sufficient resources to meet all necessary outgoings and to enable it to continue in operational existence for the foreseeable future.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of Associated British Engineering plc and its subsidiary undertakings to 31 March each year. All inter-company balances and transactions have been eliminated in full. The Group financial statements include the results of subsidiaries acquired or disposed of during the year from or to the effective date of acquisition or disposal.

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with the Standard.

Goodwill is measured in the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration receivable by the Group for goods supplied and services provided, excluding value added tax and trade discounts. Revenue from the sale of spare parts is recognised when the goods are dispatched or, if under a bill and hold arrangement, when they are available for despatch to a specific customer. Revenue from the sale of engines is recognised in accordance with the performance of contractual terms and specifically when the engines have been satisfactorily tested in accordance with contractual terms. Revenue from servicing and repair work is recognised when the work is completed.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Management are required, in accordance with IFRS, to exercise judgement and to make estimates and assumptions regarding the application of accounting policies and the resulting effect on reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and a review of current conditions prevailing at the time but actual results may differ from these estimates. Any such revision is recognised in the financial statements in the period in which the change in circumstance is detected.

Accounting Judgements

The key areas where management have exercised judgement in the year, and the thought processes undertaken, are as follows:

Deferred tax
Please refer to Taxation Policy below and note 20.

Pension Scheme
The directors are in regular contact with the Trustees of the pension scheme in connection with three keys areas where judgement is exercised; the assumptions underpinning the actuarial valuation, continued negotiations regarding the pension scheme and in relation to the payment plan. The directors then assess the relevant estimates and assumptions made to ensure that where possible, all statutory obligations are met.

In evaluating the assumptions underpinning the actuarial valuation the directors have sought the professional advice of a firm of actuaries who prepare the valuation according to industry standards and norms. During the year under review an actuarial loss of £580,000 (2013: £40,000 loss (restated)) was recognised in the Group accounts.

The assumptions underpinning the actuarial valuation are disclosed further in note 17 to the Group financial statements.

Accounting Estimates
The accounting estimate having an impact on carrying amounts of assets and liabilities in the reporting period is as follows:

Inventories
Inventories held by the Group consist of raw material (mainly components), work in progress (manufactured engine parts) and finished goods (both purchased and manufactured engine parts). A specific provision is made, on a 100% basis, for all stock lines that are obsolete or slow moving for periods in excess of four years. A general provision is made of 5%, 12.5%, 25% and 50% over all stock lines that have not moved for one, two, three and four years respectively. The reasoning/basis for the general provision is based on past experience of management.

The inventory provision at the year end amounted to £2,219,000 (2013: £2,145,000). The gross value of inventories at the year end is £3,271,000 (2013: £3,174,000).

The directors review their assumptions and accounting estimates, along with the accounting policies adopted in preparing these financial statements, on a regular basis and recognise any change in the period in which circumstances vary.

INVENTORIES AND IMPAIRMENT OF INVENTORIES

Inventories of raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Work in progress and finished goods include an appropriate allocation of overheads.

Cost is on a first in, first out basis. Net realisable value is the estimated selling price in the normal course of business, less estimated costs of completion and provision is made for obsolete, slow moving and defective inventories.

LEASED ASSETS

Leases of property and plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Assets held under finance leases are capitalised at lease inception at the lower of the asset's fair value and the present value of the minimum lease payments. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate within borrowings. The interest element of the finance cost is charged to the income statement over the life of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment is depreciated on the same basis as owned plant and equipment or over the life of the lease, if shorter.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals (net of any related lease incentives) are charged against profit on a straight line basis over the period of the lease.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rates ruling at the balance sheet date. All exchange differences are dealt with through the income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and any impairment in value. Freehold land is not depreciated. Depreciation is calculated to write down the cost of all property, plant and equipment less its residual value by annual instalments over their expected useful lives on the following bases:

Freehold buildings	5 per cent
Plant and machinery	7½- 33⅓ per cent

These useful lives and residual values are reviewed in each financial period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

The carrying values of property, plant and machinery are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

TAXATION (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Group statement of comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to cumulative unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The Group has recognised the actuarial losses and gains immediately within the Statement of Comprehensive Income in accordance with the provisions stated within IAS 19 'Employee benefits'.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with a maturity of three months or less when originally entered into which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Further analysis of the Group’s financial instruments, and the relevant exposure to risks and uncertainties, is stated in note 19 below and the various classifications of financial assets and liabilities are identified and explained.

Trade and other receivables

Trade and other receivables are originally recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate method. A provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The total of bad and doubtful debts at the year end was £71,000 (2013: £32,000). Trade receivables and cash and cash equivalents are classified as loans and receivables.

Trade and other payables

Trade and other payables are originally recognised at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Investments in securities

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, with all transaction costs being written off to the income statement as incurred.

Investments are classified as held for trading and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value of held for trading financial assets are included in the net profit or loss for the period. At the year end an adjustment of £37,500 (increase) was made to align the investments in securities with their fair value.

SHARE BASED PAYMENTS AND SHARE OPTIONS

Former employees of the Group have received remuneration in the form of share based payment transactions, whereby employees render services in exchange for rights over shares ('equity settled transactions'). The cost of these transactions is measured by reference to their fair value at the date at which the options are granted. The fair value is determined by using the Black-Scholes Option pricing model. There has been no charge recognised with respect to the share options as all those in issue fall outside the scope of IFRS 2, having been granted before November 2002.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

SEGMENTAL REPORTING

The standard requires financial information to be disclosed in the financial statements in the same format in which it is disclosed to the chief operating decision-maker. The chief decision-maker has been identified as the Board, at which level strategic decisions are made.

EQUITY AND RESERVES

Share capital represents the nominal value of shares that have been issued except for the preference shares classified as debt.

Deferred shares represents shares arising from the sub-division of ordinary shares of £2.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits and losses.

Other reserves relate to movements not classified in any of the reserves detailed above.

All transactions with owners of the parent are recorded separately within equity.

ASSOCIATED BRITISH ENGINEERING PLC

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000	2013 £'000 (restated)
REVENUE	1	**2,667**	2,488
Operating costs	2	**(2,975)**	(2,519)
OPERATING LOSS		**(308)**	(31)
Finance expense	7	**(45)**	(78)
Finance income	7	**25**	38
LOSS BEFORE TAXATION		**(328)**	(71)
Taxation	8	**12**	(15)
LOSS FOR THE YEAR		**(316)**	(86)
EARNINGS PER SHARE ON LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
BASIC AND DILUTED	9	**(4p)**	(2p)
Loss for the year attributable to:			
Owners of the Company		**(99)**	(49)
Non-controlling interests		**(217)**	(37)
		(316)	(86)

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

		2014 £'000	2013 £'000 (restated)
Loss for the year		**(316)**	**(86)**
Other comprehensive income (*)			
Actuarial loss on retirement benefit obligation	17	**(580)**	**(40)**
Other comprehensive income for the year		**(580)**	**(40)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(896)**	**(126)**
Total comprehensive loss attributable to:			
Owners of the Company		**(679)**	**(89)**
Non-controlling interests		**(217)**	**(37)**
		(896)	**(126)**

All activities are classified as continuing.
The accounting policies on pages 12 to 20 and the notes on pages 25 to 37 form part of these accounts.
(*) items which will not subsequently be reclassified to the income statement

GROUP BALANCE SHEET

31 MARCH 2014

	Note	2014 £'000	2013 £'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	10	**364**	380
Current assets			
Inventories	12	**1,052**	1,029
Trade and other receivables	13	**527**	497
Held for trading investments	14	**129**	84
Cash and cash equivalents		**2,992**	3,532
		4,700	5,142
Total assets		**5,064**	5,522
EQUITY AND LIABILITIES			
Called up share capital	15	**51**	51
Deferred shares	15	**2,594**	2,594
Share premium account		**5,370**	5,370
Other components of equity		**11**	11
Retained earnings		**(5,227)**	(4,548)
Equity attributable to the Company's Equity shareholders		**2,799**	3,478
Non-controlling interests		**59**	276
Total equity		**2,858**	3,754
LIABILITIES			
Non-current liabilities			
Retirement benefit obligation	17b	**1,414**	931
Obligation under finance leases	18	**172**	237
Deferred tax liabilities	20	**2**	15
		1,588	1,183
Current liabilities			
Trade and other payables	18	**553**	520
Obligations under finance leases	18	**65**	65
		618	585
Total liabilities		**2,206**	1,768
Total equity and liabilities		**5,064**	5,522

The financial statements were approved and authorised for issue by the Board of Directors on and were signed below on its behalf by:

C Weinberg
Director
7 July 2014

The accounting policies on pages 12 to 20 and the notes on pages 25 to 37 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital £'000	Share premium £'000	Deferred shares £'000	Other reserve £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interests £'000	Total £'000
Balance at 1 April 2012	51	5,370	2,594	11	(4,459)	3,567	-	3,567
Loss for the year	-	-	-	-	(49)	(49)	(37)	(86)
Other comprehensive income (*)								
Actuarial loss in defined benefit plan	-	-	-	-	(40)	(40)	-	(40)
Total comprehensive income for the year	-	-	-	-	(89)	(89)	(37)	(126)
Additional non-controlling interest arising on the acquisition of Akoris Trading Limited	-	-	-	-	-	-	313	313
Balance at 31 March 2013 (restated - refer to **Note** below)	51	5,370	2,594	11	(4,548)	3,478	276	3,754
Loss for the year	-	-	-	-	(99)	(99)	(217)	(316)
Other comprehensive income (*)								
Actuarial loss in defined benefit plan	-	-	-	-	(580)	(580)	-	(580)
Total comprehensive income for the year	-	-	-	-	(679)	(679)	(217)	(896)
Balance at 31 March 2014	**51**	**5,370**	**2,594**	**11**	**(5,227)**	**2,799**	**59**	**2,858**

Note:
Adjustments relating to the restatement of balances relate to transitional provisions arising as a result of amendments to IAS 19: Employee Benefits which has resulted in the restatement of comparative amounts on a retrospective basis. The adjustments are explained further within the Group Accounting Policies.

(*) - Items which will not be subsequently reclassified to the income statement

The accounting policies on pages 12 to 20 and the notes on pages 25 to 37 form part of these accounts.

ASSOCIATED BRITISH ENGINEERING PLC

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	£'000	£'000
Cash flows from operating activities		
Cash used in operations	**(445)**	(245)
Interest received	**20**	38
Interest paid	**(5)**	(32)
Net cash used in operating activities	**(430)**	(239)
Cash flows from investing activities		
Proceeds from sale of equipment	**-**	1
Purchase of equipment	**(37)**	(349)
Purchase of investments	**(13)**	-
Sale proceeds from trading investments	**5**	28
Net cash used in investing activities	**(45)**	(320)
Cash flows from financing activities		
Cash raised from non-controlling interests	**-**	313
(Settlement of)/proceeds from finance leases	**(65)**	302
Redemption of loan notes	**-**	(555)
Net cash generated from financing activities	**(65)**	60
Net decrease in cash and cash equivalents	**(540)**	(499)
Cash and cash equivalents at beginning of year	**3,532**	4,031
Cash and cash equivalents at end of year	**2,992**	**3,532**

CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£'000	£'000
		(restated)
Loss before taxation	**(328)**	(71)
Adjustments for:		
Depreciation	**53**	37
Interest income	**(20)**	(38)
Finance expense	**5**	32
Pension scheme interest expense	**40**	46
Cash paid in excess of current service cost	**(137)**	(130)
Profit on disposal of equipment	**-**	(1)
Profit on disposal of Held for Trading investments	**(1)**	(33)
Changes in working capital:		
(Increase) / Decrease in inventories	**(23)**	60
(Increase) / Decrease in trade and other receivables	**(30)**	13
Increase / (Decrease) in payables	**35**	(122)
Decrease in investments	**(39)**	(10)
	(445)	(217)
Taxes paid	**-**	(28)
Cash used in operations	**(445)**	(245)

The accounting policies on pages 12 to 20 and the notes on pages 25 to 37 form part of these accounts.

1. SEGMENTAL REPORTING

The following table shows an analysis of the Group's external sales by geographical market:

	2014	2013
	£'000	£'000
United Kingdom	**1,081**	947
Europe	**813**	811
Far East and Australasia	**98**	345
Africa	**314**	206
North and South America	**331**	70
Middle East	**30**	82
Russia	**-**	27
	2,667	2,488

All of the above revenue arises from diesel and related engineering activities and originates in the United Kingdom.

In the years ended 31 March 2014 and 31 March 2013 all of the assets held by the Group were located in the United Kingdom and all capital expenditure was incurred within the United Kingdom.

Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines requirements for the disclosure of financial information of an entity's operating segments.

The Board consider the Group on an individual company basis. Reports by individual companies are used by the chief decision-maker in the Group. Significant operating segments are Associated British Engineering Plc, British Polar Engines Limited and Akoris Trading Limited.

The Group's operations are located in the United Kingdom. Any transactions between business units are on normal commercial terms and conditions.

British Polar Engines Limited's activities consist of the manufacture and supply of diesel engines and spare parts for diesel engines together with associated repair work.

Akoris Trading Limited's activities consist of commodity and natural resource trading, finance and investment. The company only incurred set up expenditure in the period to 31 March 2014.

Associated British Engineering Plc is the Group holding company.

Year to 31 March 2014	**Associated British Engineering Plc**	**British Polar Engines Limited**	**Akoris Trading Limited**	**Consolidated**
	£'000	**£'000**	**£'000**	**£'000**
External sales	-	2,667	-	2,667
Segment result (PBIT)	(182)	308	(434)	(308)
Net finance expenses				(20)
Taxation				12
Profit after tax				(316)
Other information				
Capital additions	-	37	-	37
Balance sheet				
Segment assets	288	4,443	333	5,064

1. SEGMENTAL REPORTING (continued)

Year to 31 March 2013 (restated)	Associated British Engineering Plc £'000	British Polar Engines Limited £'000	Akoris Trading Limited £'000	Consolidated £'000
External sales	-	2,488	-	2,488
Segment result (PBIT)	253	(211)	(73)	(31)
Net finance expenses				(40)
Taxation				(15)
Profit after tax				(86)
Other information				
Capital additions	-	349	-	349
Balance sheet				
Segment assets	244	4,650	628	5,522

Included in the total Group revenue was £585,000 (2013: £286,735) of sales which arose from two customers who contributed to 10% or more of the total Group revenue for the year ended 31 March 2014 (2013: one customer).

2. OPERATING COSTS

	2014 £'000	2013 £'000
Changes in inventories	**(23)**	60
Raw materials used	**1,109**	1,133
Staff costs	**1,156**	1,031
Depreciation and amortisation	**52**	37
Other expenses	**681**	258
	2,975	2,519

3. OPERATING PROFIT

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting)		
Depreciation on owned assets	**20**	18
Depreciation on assets held under finance leases	**33**	19
Fees payable to the Company's auditor for the audit of the Company's annual accounts:		
PLC audit costs	**22**	22
The audit of the Company's subsidiaries pursuant to legislation	**18**	17
Operating lease rental on plant and machinery	**35**	25
Profit on disposal of property, plant & equipment	**-**	(1)

4. STAFF COSTS AND EMPLOYEES

	2014 £'000	2013 £'000
Wages and salaries	**1000**	851
Social security costs	**107**	86
Other pension costs	**107**	94
	1,214	1,031

The average monthly number of persons employed by the Group during the year was:

	2014 Number	2013 Number
By activity		
Production	**11**	11
Administration	**19**	19
	30	30

5. DIRECTORS' REMUNERATION

Directors received emoluments of £45,000 (2013: £47,000). Further details can be found on page 52.

6. KEY MANAGEMENT COMPENSATION

	2014 £'000	2013 £'000
Remuneration of Group directors	**45**	47

The Group made no pension contributions in respect of Group directors during the year ended 31 March 2014 or 31 March 2013.

7. NET FINANCE EXPENSE

	2014 £'000	2013 £'000 (restated)
Interest on obligations under finance leases	**5**	3
Loan stock interest	**-**	29
Interest expenses for borrowings at amortised cost	**5**	32
Pension interest cost less expected return on scheme assets	**40**	46
	45	78
Interest receivable on cash and cash equivalents	**(25)**	(38)
	20	40

8. TAXATION

	2014 **£'000**	2013 £'000
The tax charge is set out below:		
Current tax:		
United Kingdom corporation tax at 23% (2013: 24%)	**-**	-
Deferred tax:		
In respect of current year	**12**	15
Total current tax and tax on profit on ordinary activities	**12**	15

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained as follows:

	2014 **£'000**	2013 £'000 (restated)
Loss on ordinary activities before tax	**(328)**	(71)
Loss on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23% (2013: 24%)	**(75)**	(17)
Effects of:		
Expenses not deductible for tax purposes	**7**	63
Income not taxable	**(33)**	
Tax losses and advance corporation tax relief (ACT)	**(3)**	(35)
Other differences	**-**	4
Depreciation for the period in excess of capital allowances	**7**	(15)
Unrelieved tax losses	**97**	-
Current tax for period	**-**	-

The Group has trading losses of approximately £1.5 million (2013: £1.4 million), surplus advance corporation tax relief of approximately £865,000 (2013: £865,000) and capital losses of £8.5 million (2013: £9.2 million). These are available to set against future taxable profits, taxation liabilities and capital gains respectively. The trading losses are available to be used against future profits arising from the same trade within Associated British Engineering plc. These amounts are subject to agreement with Her Majesty's Revenue and Customs.

9. LOSS PER SHARE

The calculation of loss per ordinary share is based on the

-loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	Loss £'000	**2014 Weighted Average number of Shares**	**Per shares amount pence**	Loss £'000 (re stated)	2013 Weighted Average Number of Shares	Per shares amount Pence (re stated)
Basic and diluted earnings per share	**(99)**	**2,048,990**	**(4)**	(49)	2,048,990	(2)

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10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
COST			
At 1 April 2013	689	1,552	2,241
Additions	-	37	37
Disposals	-	(180)	(180)
At 31 March 2014	**689**	**1,409**	**2,098**
ACCUMULATED DEPRECIATION			
At 1 April 2013	689	1,172	1,861
Charge for year	-	53	53
Eliminated on disposals	-	(180)	(180)
At 31 March 2014	**689**	**1,045**	**1,734**
CARRYING AMOUNTS			
At 31 March 2014	**-**	**364**	**364**
At 31 March 2013	-	380	380

11. CAPITAL COMMITMENTS

At 31 March 2014 the Group had capital commitments of £Nil (2013: £Nil).

12. INVENTORIES

	2014 £'000	2013 £'000
Raw materials	**107**	146
Work in progress	**117**	93
Finished goods	**828**	790
	1,052	1,029

The closing inventory balance of £3,371,000 (2013: £3,174,000) is stated net of provisions of £2,219,000 (2013: £2,145,000). There was an increase in provision of £74,000 in relation to write downs to net realisable value.

13. TRADE AND OTHER RECEIVABLES

	2014 £'000	**2013 £'000**
Trade receivables	**390**	332
Prepayments and accrued income	**137**	165
	527	497

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. At the year end a provision against the trade receivables balance amounts to £79,000 (2013: £32,000). Movement during the year related to an increase in the provision. There were no reversals.

14. HELD FOR TRADING INVESTMENTS

	2014 £'000	2013 £'000
Listed Securities (held for trading non-derivative financial assets)	**129**	84

	Financial assets at fair value through profit or loss £
Opening balance	84
Additions	13
Net profit recognised	39
Disposals	(5)
Closing balance	129

Gains or losses on held for trading investments are presented within the operating costs heading.

IFRS 13 requires that the fair value reflects "exit price" and is valued in line with the relevant "unit of account" and the fair value of the equity investments held is calculated by reference to the quoted market price at the year end.

15. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Nominal value:		
Allotted and fully paid:		
2,048,990 ordinary shares of £0.025 each	**51**	51
1,313,427 deferred shares of £1.975 each	**2,594**	2,594
	2,645	2,645
Carrying value:		
Equity shares:		
2,048,990 ordinary shares of £0.025 each	**51**	51

The structure of the Group and Company's capital is as follows:

	Number of ordinary shares	**Ordinary shares £'000**	**Number of deferred shares**	**Deferred shares £'000**	**Share premium £'000**
Balance at 1 April 2013 (£0.025/£1.9752 shares)	**2,048,990**	**51**	**1,313,427**	**2,594**	**5,370**

Further to the Extraordinary General Meeting held on 1 September 1999 the ordinary shares have 200 votes per share.

The deferred shares do not have voting rights and do not carry any entitlement to attend general meetings of the Company; they are not admitted to any Stock Exchange and carry a right to participate in any return of capital once an amount of £100 has been paid in respect of each new ordinary share.

16. SHARE BASED PAYMENTS

The Company operates an Executive Share Option Scheme (ESOP) under which options are granted with the guidance of the remuneration committee. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of the grant. The contractual life of an option is 10 years. Options granted under the ESOP will become exercisable on the third anniversary of the date of the grant. There were no unexercised share options at the end of the year as all share options have lapsed.

17. RETIREMENT BENEFIT SCHEMES

Previously the Group operated a defined benefit pension scheme, holding the assets in a separate trustee administered fund ("the ABE Pension Fund"). The required contributions were assessed with the advice of an independent qualified actuary using the projected unit credit method. The Group also has a designated Group personal pension plan which meets stakeholder requirements.

The scheme exposes the group to actuarial risks such as:

Salary risk:
The present value of the plan liability is calculated by reference to the future salaries of participating members. Any increase in members' salaries will increase the schemes' liability

Interest rate risk:
Any decrease in bond rates will increase the scheme's liability though this may be partly offset by an increase in return on the scheme's debt investments.

Investment risk:
If the return on scheme assets is below the discount rate used to calculate the present value of the scheme liability it may lead to a scheme deficit.

Longevity risk:
Any increase in life expectancy of the scheme's members will increase the scheme's liability as the present value of the schemes liability is calculated by reference to the best estimate of the mortality of the scheme's members.

The scheme consists of three active members, thirty four deferred members and fifty six pensioner members. The expected contribution to the scheme for the forthcoming year is expected to be £230,000.

The value placed on the benefit obligation is particularly sensitive to changes in some of the key assumptions. Two of the most critical are:

- The real (i.e. net of inflation) and nominal rates of interest used: and
- Changes in future mortality rates

Set out below a table highlighting the impact on the results of changing these assumptions.
There would be a similar, but opposite effect if the discount rate was to be increased, the inflation rate was decreased and members assumed to live one year or less.

	% change to Defined Benefit Obligation
0.25% p.a. reduction to discount rate	4.0
0.25% p.a. increase to inflation	1.6
Members assumed to live one year longer	3.4

In the year ended 31 March 2009 the Company came to agreement with the Trustees of the scheme and a resolution was approved whereby the Group is no longer liable for its previously recognised retirement obligations for the ABE section of the fund. The elimination of the ABE section resulted in an elimination of £3,047,000 of the opening obligation which was reflected through the Statement of Comprehensive Income. The remaining obligation relates to the BPE section of the scheme and is summarised on the following page:

17. RETIREMENT BENEFIT SCHEMES (continued)

Contributions by employer in respect of future accrual of benefits, death in service benefits and expenses:
28.6% of Pensionable Salaries less member contributions, payable monthly by the 19th of the calendar month after that to which they relate. In addition, the employer will pay amounts into the scheme equal to the levy payments made by the scheme to the Pension Protection Fund. Such amounts will be paid by the employer within a year of them being paid by the scheme. Insurance premiums for death in service benefits, management and administration expenses are payable in addition as and when they are due.

Contributions by employer in respect of the shortfall in funding:
With reference to the recovery plan agreed in conjunction with the valuation as at 1 April 2010, the employer will make the following contributions over the period from 1 April 2010 to 31 December 2021:

- An additional lump sum of £64,000 in respect of the period from 1 April 2010 to 31 March 2011 is payable by 31 July 2011.
- £196,000 is payable by 31 July 2011 in respect of the period from 1 April 2011 to 31 March 2014.
- From 1 April 2011 to 31 March 2014, contributions of £11,666 per month are payable by the 19th of the calendar month after that to which they relate.
- From 1 April 2014 until 31 December 2021, contributions of £17,000 per month are payable by the 19th of the calendar month after that to which they relate.

		2014	2013
		£'000	£'000
(a)	**Pension cost (recognised in Income Statement)**		(restated)
	Operating charge		
	Current service cost	**28**	41
	Other finance charges		
	Interest on net defined benefit obligation	**40**	46
	Total pension cost recognised in the Income Statement	**68**	87

		2014	2013	2012	2011	2010
(b)	**Benefit liability**	**£'000**	£'000	£'000	£'000	£'000
	Present value of funded obligations	**7,101**	6,748	6,451	6,577	6,663
	Fair value of plan assets	**(5,687)**	(5,817)	(5,476)	(4,725)	(4,436)
	Net liability	**1,414**	931	975	1,852	2,227

The major categories of plan assets are as follows:	2014	2013
	£'000	£'000
Equities	**847**	866
Bonds	**4,767**	4,929
Cash	**73**	22
	5,687	5,817

17. RETIREMENT BENEFIT SCHEMES (continued)

(c) Change in benefit obligation

	2014 £'000	2013 £'000 (restated)
Benefit obligation at beginning of the year	6,748	6,451
Current service cost	28	41
Interest cost	303	307
Actuarial losses	393	402
Contributions by plan participants	5	7
Benefits paid	(376)	(460)
Benefit obligation at end of the year	7,101	6,748

(d) Change in plan assets

	2014	2013
Fair value of plan assets at beginning of the year	**5,817**	5,476
Expected return on plan assets	**263**	261
Actuarial (loss)/gains on plan assets	**(187)**	362
Contributions made by employer	**165**	171
Contributions by plan participants	**5**	7
Benefits paid	**(376)**	(460)
Fair value of plan assets at end of the year	**5,687**	5,817

The cumulative amount of actuarial gain recognised in the Group statement of comprehensive income is £2,907,000 (2013: £3,528,000). The actuarial loss for the year recognised in the Group statement of comprehensive income is £580,000 (2013: £40,000 loss (restated)).

The expected long term return on cash is determined by reference to current and expected long-term bank base rates. The expected return on bonds is determined by reference to United Kingdom long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date. The expected rates have then all been reduced to reflect the level of anticipated future expenses.

The expected long term rate of return under IAS 19 (revised in 2011) is the same as the discount rate of 4.7% pa (2013: 4.6% p.a.).

(e) Principal actuarial assumptions

	2014	2013 (restated)
Inflation	2.1%	2.3%
Rate of increase in pensionable salaries	2.5%	2.5%
Discount rate	4.7%	4.6%
Pension in payment increases	2.1%	2.3%
Revaluation rate for deferred pensioners	2.1%	2.3%
Pre-retirement mortality	PNMAOO, MC 1%	PNMAOO, MC 1%
	PNFAOO, MC 1%	PNFAOO, MC 1%
Post retirement mortality	PNMAOO, MC 1%	PNMAOO, MC 1%
	PNFAOO, MC 1%	PNFAOO, MC 1%
Life expectancy from age 65 (years):		
Male currently aged 65	22.8	22.7
Female currently aged 65	25.3	25.2
Male currently aged 45	24.7	24.7
Female currently aged 45	27.1	27.0

18. PAYABLES

	2014 £'000	2013 £'000
Current		
Obligations under finance leases	**65**	65
Trade payables	**174**	170
Other taxation and social security	**39**	35
Other payables	**24**	63
Accruals and deferred income	**316**	252
	618	585
The net finance lease obligations are due:		
In one year or less	**65**	65
Between two and three years	**172**	237
	237	302

All current payables apart from obligations under finance leases are expected to mature within a period of 6 months.

19. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and various items, such as trade and other receivables, held for trading investments and trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. At 31 March 2014 the Group has cash balances of £2,992,000 (2013: £3,532,000) and no bank overdraft (2013: £Nil). No sensitivity analysis to movements in interest rates or foreign currency exchange rates has been included as the Board do not consider such information to be material.

RISKS

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. Market risk includes price commodity risk, foreign exchange risk and interest rate risk. The Group has limited exposure to foreign exchange risk and also has no loans.

A significant risk that is also not considered below is that of the Group's pension funds. This is discussed in depth throughout the financial statements, and more specifically in Note 17, and has therefore not been further analysed below but is a key risk to the future of the Group. The Board meets on a regular basis to discuss the various funds and investment opportunities with each other and the Trustees.

The Board reviews and agrees policies for managing each of the above risks and they are summarised below and in the accounting policies to the Group financial statements. These policies have been consistently applied throughout the period.

19. FINANCIAL INSTRUMENTS (continued)

COMMODITY PRICE RISK

The Group is dependent upon its suppliers to effectively operate a 'just in time' stock management system, which is utilised to mitigate high warehousing costs. There is the potential to leave the Group exposed to 'stock out' or shortages but the Group has not experienced stock difficulties of this nature in the current or prior year and does not envisage this going forward, due to its strong supplier relations.

When prices are advantageous a strategic decision may be taken to increase a stock level which mitigates the issue of price commodity risk. There are a number of suppliers used, each with various contractual terms, and therefore the Board do not consider this a significant risk.

The price of aluminium which the Group trades in is dependent on the activities of the competitors, speculators, exchange rate movements and production costs. This could have a significant impact on the Group's revenues and cost base.

LIQUIDITY RISK

The Group's liquidity is dependent on the cash balances available and it is the Group's policy to place surplus cash on deposit to ensure as high a rate of return as possible. The maturity profile of the Group's finance lease liabilities is set out in note 18.

CREDIT RISK

The Group's principal financial assets are cash deposits and trade and other receivables. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade and other receivables. In order to manage credit risk the directors of the subsidiary company set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the subsidiary's directors on a regular basis in conjunction with debt ageing and collection history. In 2014 and 2013 there were no concentrations of credit risk, with exposure being spread over a large number of customers, with over 200 customers at the year end.

At the year end the Group's top five customers comprised 43% (2013: 40%) of the year end trade receivables. The Board consider their strong customer relations to be strength rather than a risk as they are the preferred suppliers to these customers.

Where appropriate, the subsidiary company requests payment or part-payment in advance of shipment which generally covers the cost of the goods. In connection with the trade receivables, there is a risk of warranty claims, which the subsidiary company tries to minimise. The carrying value of the trade receivables represents the maximum credit risk exposure and therefore sensitivity analysis has not been performed.

Collection procedures in relation to receivables are initiated once the credit terms are exceeded and trade receivables both due and not yet due are reviewed on a line by line basis, with adequate provision being made against period end balances where appropriate. During the year an additional provision of £48,000 has been included in the financial statements.

At the year end 40% of current financial assets are aged greater than 90 days. These amounted to £179,000 and £79,000 have been provided for.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors consider that the fair values of the Group's financial instruments at 31 March 2014 and 31 March 2013 were not materially different from their book values.

20. DEFERRED TAXATION

The deferred taxation liability at 31 March 2014 was £2,000 (31 March 2013: £15,000).

No provision has been made for the potential deferred tax assets on the trading losses carried forward as they are not sufficiently certain to crystallise in the foreseeable future, with future pension obligations deemed to exceed the potential future cash inflows. This assumption will be revisited on an annual basis or as and when circumstances change. The amounts not recognised (all of which have been calculated at 20% (2013: 20%)) are set out below:

Group	**2014**	2013
	£'000	£'000
Arising from trading losses	**273**	272
Arising from capital losses	**1,700**	1,831
Arising from pension deficit	**283**	173
	2,256	2,276

21. CONTINGENT LIABILITIES

		2014	2013
		£'000	£'000
a)	Banker's indemnities	**30**	30

The indemnities relate to provision of services such as letters of credit or international guarantees by the bank.

b) There were no other contingent liabilities at 31 March 2014 or 31 March 2013.

22. COMMITMENTS UNDER OPERATING LEASES

At 31 March the Group had the following commitments under non-cancellable operating leases:

	Other	
	2014	2013
	£'000	£'000
Within one year	**13**	**23**
Between two and five years inclusive	**17**	**17**
	30	**40**

23. SUBSIDIARIES

At 31 March 2014 and 31 March 2013 the Company held 100% of the share capital of the following subsidiaries:

	Share Capital	Proportion held by the parent	Country of incorporation	Nature of Business
British Polar Engines Limited	Ordinary	100%	Great Britain	Manufacture and supply of diesel engines, associated servicing and sale of spare parts
Akoris Trading Limited	Ordinary	50%	Great Britain	Commodity and natural resource trading, finance and investment.

The group controls 100% of the voting power of the subscribed shares and has control over the financial and operational policies of Akoris Trading Limited. Therefore, Akoris Trading Limited is controlled by the group and consolidated in these financial statements.

24. RELATED PARTY TRANSACTIONS

At 31 March 2014 David Brown, a company director, had a 12.4% (2013: 12.4%) interest in the shares of Akoris Trading Limited.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSOCIATED BRITISH ENGINEERING PLC

We have audited the parent company financial statements of Associated British Engineering PLC for the year ended 31 March 2014 which comprise the principal accounting policies, the parent company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the directors are responsible for the preparation of the parent company 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 parent company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014;
- 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 matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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 parent company 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 and the part of the Directors' Remuneration Report to be audited 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.

Other matter

We have reported separately on the group financial statements of Associated British Engineering PLC for the year ended 31 March 2014. That report includes audit commentary.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
7 July 2014

BASIS OF PREPARATION

The Company accounts have been prepared in accordance with applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice). The summary of the principal accounting policies, which have been applied consistently, is set out below. The policies have remained unchanged from the previous year.

BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis, modified to include the revaluation of current asset investments.

GOING CONCERN

The financial statements have been prepared on the going concern basis. The most notable accounting event has been the increase in the pension scheme deficit based on this year's actuarial forecast and mentioned in the Chairman's Statement. The directors have agreed a revised schedule of the contributions to eliminate the deficit on the ABE Pension Fund over thirteen years starting from the year ended 31 March 2010. Based on the Group's budgets and cash forecasts, the Board considers that the Group has sufficient resources to meet all necessary outgoings and to enable it to continue in operational existence for the foreseeable future.

TANGIBLE FIXED ASSETS

Freehold land is not depreciated. Other fixed assets are depreciated over their estimated useful lives at the following annual rates to cost:

Freehold buildings	5 per cent
Computer equipment	20 per cent

DEFERRED TAXATION

Deferred tax is recognised on an undiscounted basis on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Any exchange gains or losses are credited or charged to the profit and loss account in the year in which they arise.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

FINANCIAL INSTRUMENTS (continued)

Trade and other debtors

Trade and other debtors are originally recognised at fair value. A provision against trade debtors is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance the original terms of those receivables. There is no general or specific provision for bad and doubtful debts at year end. Trade debtors and cash and cash equivalents are classified as loans and receivables.

Trade and other creditors

Trade and other creditors are initially recognised at fair value, net of transaction costs and are subsequently held at amortised cost.

Loan notes

The company was also funded by £555,000 of loan notes with a 6% per annum coupon rate. The loan notes were redeemed at their book value in the financial year to 31 March 2013.

INVESTMENTS

Fixed asset investments in subsidiaries are included at cost less amounts written off.

Current asset investments are held for trading and are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are measured at market value, with all transaction costs being written off to the profit & loss account as incurred.

SHARE BASED PAYMENTS AND SHARE OPTIONS

Former employees of the Group have received remuneration in the form of share based payment transactions, whereby employees render services in exchange for rights over shares (‘equity settled transactions’). The cost of these transactions is measured by reference to their fair value at the date at which the options are granted. The fair value is determined by using the Black-Scholes Option pricing model. There has been no charge recognised with respect to the share options as all those in issue fall outside the scope of FRS 20, having been granted before November 2002.

COMPANY BALANCE SHEET

AS AT 31 MARCH 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	3	-	1
Investments	5	-	2,484
		-	2,485
CURRENT ASSETS			
Investments	6	**171**	132
Debtors	7	**18**	11
Cash at bank and in hand		**98**	110
		287	253
Creditors – amounts falling due within one year	8	**(54)**	(884)
Net current assets / (liabilities)		**233**	(631)
Total assets less current liabilities		**233**	1,854
Creditors – amounts falling due after more than one year	8	-	(2,292)
		233	(438)
CAPITAL AND RESERVES			
Called up share capital	10	**51**	51
Deferred shares	10	**2,594**	2,594
Share premium account	12	**5,370**	5,370
Other reserve		**212**	212
Profit and loss account	12	**(7,994)**	(8,665)
SHAREHOLDERS' FUNDS		**233**	(438)

The financial statements were approved and authorised for issue by the Board of Directors on and were signed below on its behalf by:

C Weinberg
Director

7 July 2014

The accounting policies on pages 39 and 40 and the notes on pages 42 to 45 form part of these accounts.

1. ADMINISTRATIVE EXPENSES

	2014 £'000	2013 £'000
Directors (note 2) and employees	**64**	63
Depreciation of tangible fixed assets: owned	**1**	23

2. DIRECTORS

	2014 £'000	2013 £'000
Remuneration in respect of directors was as follows:		
Remuneration	**45**	47

The average number of employees, including directors, during the year was 5 (2013: 5). More detailed information concerning directors' remuneration is shown in the Directors' Remuneration Report.

3. TANGIBLE FIXED ASSETS

	Computer equipment £'000	**Freehold land and buildings £'000**	**Total £'000**
COST			
At 1 April 2013	2	-	2
Additions	-	-	-
Disposals	-	-	-
At 31 March 2014	**2**	**-**	**2**
DEPRECIATION			
At 1 April 2013	1	-	1
Charge for the year	1	-	1
Disposals	-	-	-
At 31 March 2014	**2**	**-**	**2**
NET BOOK VALUE			
At 31 March 2014	-	-	-
At 31 March 2013	1	-	1

4. CAPITAL COMMITMENTS

At 31 March 2014 the Company had no capital commitments (2013: £Nil).

5. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000
COST	
At 1 April 2013	3,406
Disposals	(3,406)
At 31 March 2014	-
AMOUNTS WRITTEN OFF	
At 1 April 2013	922
Disposals	(922)
At 31 March 2014	-
NET BOOK AMOUNT	
At 31 March 2014	-
At 31 March 2013	**2,484**

The wholly owned subsidiary is:

Company	Activity	Country of incorporation
British Polar Engines Limited	Engineering	Great Britain

The investment in British Polar Engines Limited was fully provided at 31 March 2014 and 31 March 2013. Danway Limited, a Cayman Islands based dormant subsidiary, was struck off from the Cayman Islands Register of Companies on 28 June 2013.

6 CURRENT ASSET INVESTMENTS

	2014 £'000	2013 £'000
Equities	**129**	84
Cash on deposit	**42**	48
	171	132

7. DEBTORS

	2014 £'000	2013 £'000
Prepayments and accrued income	**18**	11
	18	11

8. CREDITORS

	2014 **£'000**	2013 £'000
Amounts falling due within one year		
Amounts due to group undertakings	**-**	815
Other creditors	**21**	19
Accruals and deferred income	**33**	50
	54	884

Amounts falling due after one year	**2014** **£'000**	**2014** **£'000**
Amounts due to group undertakings	**-**	2,292
	-	2,292

9. DEFERRED TAXATION

There is no unprovided deferred taxation liability at 31 March 2014 or 31 March 2013.

No provision has been made for the potential deferred tax assets on the trading losses carried forward as they are not sufficiently certain to crystallise in the foreseeable future. The amounts not recognised (all of which have been calculated at 20% (2013: 20%) are set out below:

	2014 **£'000**	2013 £'000
Arising from trading losses	**273**	272
Arising from capital losses	**1,655**	1,831
	1,928	2,103

10. CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Nominal value:		
Allotted and fully paid:		
2,048,990 ordinary shares of £0.025 each	**51**	51
1,313,427 deferred shares of £1.975 each share premium	**2,594**	2,594
	2,645	2,645
Carrying value:		
Equity shares:		
2,040,000 ordinary shares of £0.025 each	**51**	51

Further to the Extraordinary General Meeting held on 1 September 1999 the ordinary shares have 200 votes per share.

The deferred shares do not have voting rights and do not carry any entitlement to attend general meetings of the Company; they are not admitted to any Stock Exchange and carry a right to participate in any return of capital once an amount of £100 has been paid in respect of each new ordinary share.

11. SHARE BASED PAYMENTS

The Company operates an Executive Share Option Scheme (ESOP) under which options are granted with the guidance of the remuneration committee. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of the grant. The contractual life of an option is 10 years. Options granted under the ESOP will become exercisable on the third anniversary of the date of the grant. There were no unexercised share options at the end of the year as all share options have lapsed.

12. RESERVES

	£'000 Profit and loss	£'000 Share premium
At 1 April 2013	(8,665)	5,370
Profit for the year	671	-
At 31 March 2014	**7,994**	**5,370**

There were no movements in other reserves during the year. As permitted by the Companies Act 2006, the Company's profit and loss account has not been included in these accounts. The Company's profit for the financial year was £671,000 (2013: £173,000).

13. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2014 or 31 March 2013.

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred by FRS 8 with regard to disclosing transactions with wholly-owned subsidiaries on the grounds that the results of the subsidiaries are included in the publicly available consolidated financial statements of Associated British Engineering plc. There were no transactions with any other group entities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report, the Remuneration 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company and 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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.
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

C Weinberg
Director

7 July 2014

CORPORATE GOVERNANCE REPORT

(AS REFERRED TO IN THE DIRECTORS' REPORT)

In accordance with the requirements of the Listing Rules of the Financial Services Authority, set out below are details of the Company's corporate governance arrangements, including a statement as to how the Company applies the principles of Section 1 of the UK Corporate Governance Code, together with a statement regarding its compliance with specific provisions. Whilst welcoming the principles contained within the Code, the Board considers that it should be recognised that what may be appropriate for a large Company may not necessarily be so appropriate for a smaller company and the Company's current circumstances. As a result, the Company has been in compliance throughout the year with the provisions set out in the UK Corporate Governance Code with the following exceptions:-

- The division of responsibilities between the roles of chairman and chief executive have not been clearly established, set out in writing and agreed by the Board. This is contrary to provision A.2.1. This has not been put in place because there is no chief executive on the Board;
- The Company does not have a Nomination Committee, this is contrary to provisions B2.1–B2.2. This has not been considered necessary due to the size and nature of the Board which consists of four non-executive directors;
- The non–executive directors of the Company have not been appointed for specific terms as required by provision B2.3. This has not been considered necessary to date but is being actively considered by the Board;
- There is no formal training programme for new directors on joining the Board. This is contrary to provision B4.2. This has not been considered necessary to date but is being actively considered by the Board;
- The Board has not undertaken a formal and rigorous annual evaluation of its own performance and the individual directors. This is contrary to provision B.6.1. This has not been considered necessary to date but is being actively considered by the Board.

Board of Directors

The Board comprises four non-executive directors, as detailed in the Directors' Report.

In common with other organisations of a similar size, the directors review all the transactions and activities of the business. The Board of Directors is responsible for formulating strategy and monitoring financial performance. The directors are in frequent contact throughout the year in connection with the Group's business, meet as required and also attend one formal Board meeting. The strategies proposed by management of the subsidiary are fully discussed, critically examined against the best and long term interests of not only the shareholders, but also employees, customers, suppliers and various communities within which the Group operates. During the year, all four serving directors were in attendance at the Board meeting. The Board retains full responsibility for the direction and control of the Group and has a formal schedule of matters in respect of which decisions are reserved to it, covering key areas including strategy formulation, acquisitions or disposals, approval of the budget for the subsidiary, financial results, board appointments and proposals for dividend payments.

The Board has full and timely access to relevant information throughout the Group.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are compiled with. There is also formal agreed procedure for directors in the furtherance of their duties to take independent professional advice as necessary at the Company's expense.

The business address of each of the directors is 9 High Street, Little Eversden, Cambridge CB23 1HE.

The Board is supported by a senior management team which includes the following individuals:

Stewart Davis (66), managing director of BPE. Stewart has worked for BPE for 51 years, and is qualified as a mechanical engineer. As Sales Director from 1985 he was responsible for negotiating major naval contracts with international governments for the supply of spare parts and technical support for vessels supplied by the Ministry of Defence. He was appointed Managing Director in 2007.

Rupert Pearce Gould (62), chairman of BPE. Rupert is a chartered accountant and has served as an executive director and chairman in both the public and private sector. He has been chairman of BPE since 2000.

Non-Executive Directors

The biographies of the directors appear on page 54 and show considerable and varied experience in the business world and the City. The Board has appointed Andrew Beaumont as a senior independent non-executive director. There have been no changes in the other significant commitments of the Chairman.

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. There is also a formal agreed procedure for directors in the furtherance of their duties to take independent professional advice as necessary at the Company's expense.

Under the Company's Articles of Association, at least one third of the directors retire from office each year. The retiring director is eligible for re-election.

The role of non-executive directors is a vital element of corporate accountability. Due to the small size of the Board and because there are no full time executive directors, the non-executive directors do carry out certain limited specific executive responsibilities.

Nomination

Appointment to executive director would be fully discussed by the Chairman and the two non-executive directors. Potential new non-executive directors are proposed by all the members of the Board in the light of the Company's business requirements and the need to have a balanced Board. Possible candidates are discussed amongst all directors before any approach is made to them.

Audit Committee

The Company's audit committee comprises of Mr Andrew Beaumont (Chairman) and Mr Colin Weinberg. The audit committee is to meet at least twice a year to monitor the financial reporting process, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; statutory audit of the annual and consolidated accounts; and to review and monitor the independence of the statutory auditor and provision of additional services to the Group.

The audit committee reviews final drafts of the Group's Report and Accounts for both the half and full year. As part of this process, the performance of the Group's major divisions is considered, with key judgements, estimates and accounting policies being approved by the committee ahead of recommendation to the board.

The primary areas of financial reporting judgement considered by the Committee in relation to the 2013 financial statements and how they were addressed are outlined below:

Revenue Recognition and Management Override
The Committee have reviewed the systems and control processes in place during the financial year to 31 March 2014 and concluded that, given the resources available, appropriate procedures are in place. There is sufficient level of supervisory oversight in place to ensure that revenue is not materially misstated and the risk of management override has been reduced.

GHG Emissions/Carbon Reporting
It was brought to the attention of the Committee that the requirement for the disclosures concerning greenhouse gas emission was effective for the first time. It was decided that the intensity measurement to be used for emissions reporting would be normalised using £'000 of turnover.

Audit Committee (continued)

Assessing external audit effectiveness
The Audit Committee reviews audit quality every year using feedback from the Board and the Senior Management Team. The effectiveness and quality of the audit process is considered by focusing on the scope of the audit and auditor independence in order to ensure that the quality of the audit process is not compromised and remains effective.

Appointing the auditor and safeguards on non-audit services
The current auditors have acted for more than ten years and do not provide any non-audit services. The Audit Committee will consider the practicalities of putting the audit out to tender.

Remuneration

The Company's remuneration committee comprises Mr Andrew Beaumont (Chairman) and Mr Stephen Cockburn. The remuneration committee is to meet at least twice a year and has as its remit the determination and review of, amongst others, the remuneration of executive directors (as and when appointed) and any share incentive plans adopted, or be adopted, by the Company.

Communication with Shareholders

The Board believes it is important to respond adequately to the queries of both private and institutional shareholders. The Group responds throughout the year to correspondence from shareholders on a wide variety of issues.

The Chairman's Statement in the Annual Report contains a business review. An interim business review is also provided with the half yearly announcement. The Chairman is available to shareholders at any time to discuss strategy and governance matters.

The Board seeks to ensure that its report and accounts and other financial statements provide a clear assessment of the Group's business. All shareholders have the opportunity to ask questions and express their views at the Company's Annual General Meeting, at which all directors are available to take questions.

AUDIT AND INTERNAL CONTROL

The directors are responsible for the Group's system of internal control and reviewing its effectiveness. These controls can only ever provide reasonable but not absolute assurance that assets are safeguarded against material misstatement or loss, that proper accounting records are maintained, and that the information used internally, or for publication, is accurate and reliable. The key procedures, which exist to provide external control, are as follows -

- clearly defined organisation structures with segregation of duties wherever practicable. Operating and financial responsibilities for the subsidiary Company are delegated to the subsidiary's Board and there are limits which apply to capital expenditure and significant contracts

- a regular review is undertaken to assess the risks facing the trading subsidiary and to enhance the systems which manage the risk identified. Local management establishes control procedures for each of the risks identified and reports whether the key controls have operated effectively

- agreement of Group short term financial objectives and business plans

- review by the Board of monthly Group Financial Statements and monitoring of results against budget. The Board attends regular Board meetings of the subsidiary

- Board control over treasury, taxation, legal, insurance and personnel issues

- the acquisition or disposal of a business may not be completed without the approval of the Board.

- the operational responsibility for preparing the consolidated accounts is delegated to a third party service provider with the Board retaining responsibility for overall content, presentation and final review of the consolidated accounts.

Through these mechanisms, Group performance is continually monitored, risks identified in a timely manner, their financial implication assessed, control procedure re-evaluated and corrective actions agreed and implemented.

The Board believes that it is not currently appropriate for the Company to maintain an internal audit function due to the size of the Group and the manner in which the Board are involved in payment and financial commitment execution.

The Board consider the independence and objectivity of the external auditor on an annual basis, with particular regard to non-audit services. The split between audit and non-audit fees for the year and information on the nature of the non-audit fees appear in note 3 to the financial statements. There were no non-audit fees incurred from the auditor during the year. The Board also receive an annual confirmation of independence from the auditors.

GOING CONCERN

The financial statements have been prepared on the going concern basis. There have been no changes to accounting policies in the year. The most notable accounting event has been the increase in the pension scheme deficit based on this year's actuarial forecast and mentioned in the Chairman's Statement. The directors have agreed a revised schedule of the contributions to eliminate the deficit on the ABE Pension Fund over thirteen years starting from the year ended 31 March 2010. Based on the Group's budgets and cash forecasts, the Board considers that the Group has sufficient resources to meet all necessary outgoings and to enable it to continue in operational existence for the foreseeable future.

C Weinberg
Director

7 July 2014

Introduction

This Report is submitted in accordance with Schedule 8 to the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 March 2014. The new reporting requirements entail two sections to be included, a Policy Report and an Annual Remuneration Report which are presented below.

The Company's auditor, Grant Thornton UK LLP, is required to give its opinion on certain information included in this report, this comprises of the Directors' remuneration – single figure table on page 52 and the information on directors shareholdings which is contained in the directors report on page 4 and also forms part of this directors remuneration report. Their report on these and other matters is set out on pages 9 to 11.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company's Remuneration Committee considers Directors' remuneration and has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the period although the Directors expect from time to time to review the fees against those paid to the boards of directors of comparable organisations and appointments. The Company does not have a Chief Executive Officer, Senior Management or any full time employees.

DIRECTORS' REMUNERATION POLICY REPORT

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary to deal with important aspects of the Company's affairs.

The Company's policy is for the Directors to be remunerated in the form of fees, payable monthly in arrears. The non-executive directors each receive a fee for their services, which is agreed by the Remuneration Committee after reviewing comparable organisations and appointments. None of the non-executive directors receive a pension or other benefit from the Company, nor do they participate in any bonus or incentive schemes or share option schemes.

The fees are not specifically related to the Directors' performance, either individually or collectively. The Board is also entitled to be repaid all reasonable travelling subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors, however no other remuneration or compensation was paid or payable by the Company during the period to any of the current Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution.

The Company's policy is that the fees payable to each Director should reflect the time spent by the director on the Company's affairs and the responsibilities borne by each Director. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid higher fees than the other Directors in recognition of the more onerous role. The Remuneration policy is to review the Director's fee rates from time to time, benchmarking the fees against comparable organisations and appointments, although such review will not necessarily result in any change. Due to the nature of the Company, there are no full time employees other than the Directors and therefore the requirement to consider the percentage change in remuneration of all employees when determining the Directors' remuneration is not considered to be relevant.

The non-executive directors do not have service contracts with the Company. In accordance with the Articles of Association each director retires from office at the third annual general meeting after the annual general meeting at which he was last elected. A retiring director is eligible for re-election.

A Director may resign by notice in writing to the Board at any time giving one months' notice. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

In accordance with the new reporting requirements of Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, an Ordinary resolution for the approval of the remuneration policy of the Company to remain in force for a three year period, will also be put to the members of the Annual General Meeting and effective from that date.

ANNUAL REMUNERATION REPORT

DIRECTORS' REMUNERATION – SINGLE FIGURE TABLE (AUDITED)	**2014 Total £'000**	2013 Total £'000
Mr D A H Brown	**15**	15
Mr S J Cockburn	**10**	10
Mr C Weinberg	**10**	10
Mr A Beaumont	**10**	12
	45	47

The amounts above all relate to directors fees and represent the total remuneration of the company's directors.

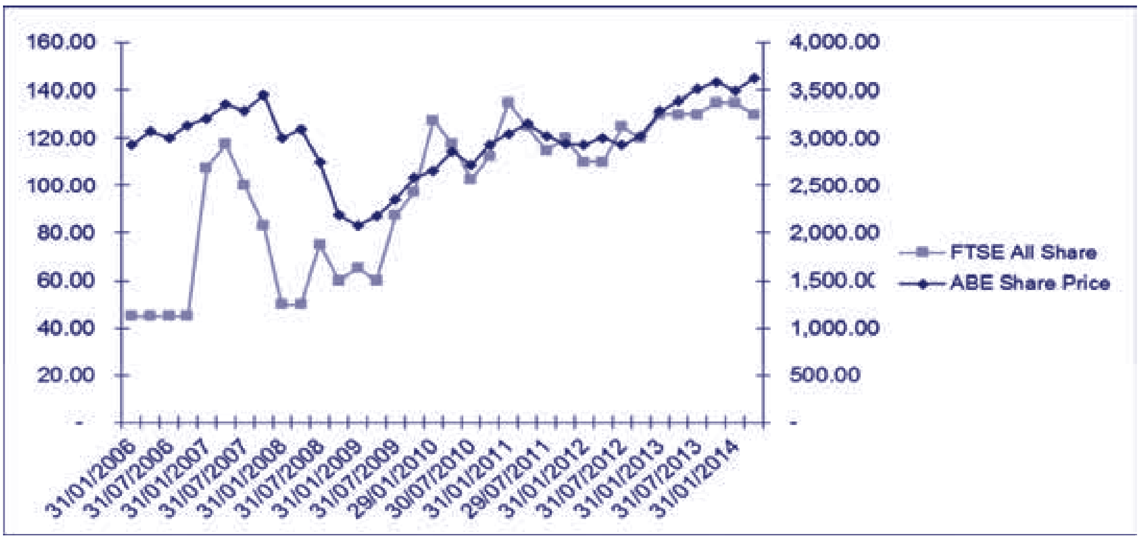
The remuneration policy described above will be implemented with effect from 1 October 2014 subject to approval at the AGM and remain unchanged for a three year period. The Board will review the remuneration of the Directors if thought after reviewing comparable organisations and appointments on an annual basis. Only a change in role is likely to incur a change in the remuneration of any one director otherwise.

This section of the report is subject to approval by a simple majority of shareholders at the AGM in September 2014, as in previous years.

Statement of Voting at the Annual General Meeting (AGM)
The 2012 Remuneration Report was presented to the AGM in September 2013 and received shareholder approval following a vote on a show of hands. 0.47% of the votes cast on the proxy forms were against the Report and no votes were withheld. The proxy forms returned contained no explanation for the votes against the resolution. At the AGM the Chairman advised the shareholders attending that an increase of director's fees at present would be inappropriate.

Shareholders' views are always considered by the Board. Shareholders can contact the Board in writing or by phone using the Registered Office contact details as set out on the following page.

Total Shareholder Return (TSR)



Source: Yahoo UK finance

The graph above shows ABE's TSR performance compared to the FTSE All Share index over the past five years. TSR is defined as share price growth plus reinvested dividends. This provides a basis for comparison with a relevant equity index.

Company Performance

The Board is responsible for the Company's business strategy and performance.

The Statement of Directors' responsibilities, Corporate Governance report and the Directors' Remuneration report on pages 46 to 53 form part of the Directors' report to the parent Company only financial statements,

On behalf of the Board

C Weinberg
Director

7 July 2014

DIRECTORS AND ADVISERS

The Board comprises four directors:

DAVID BROWN (61) became a non-executive director on 22 March 2000 and became Chairman on 11 November 2002. He is a consultant to a major industrial Group in Ukraine, working on mergers and acquisition and financing transactions. He has previously been a company secretary and director of two fully listed companies and general counsel on the Canary Wharf Development. He is a non-practising qualified solicitor.

STEPHEN COCKBURN (74) has been a non-executive director since 1979. He has been a non-executive director of AIM-listed Fiske plc since September 1999 and is a non-executive director of The Investment Company plc.

COLIN WEINBERG (65) became a non-executive director on 10 November 2003. He was a member of the London Stock Exchange from 1980 to 1987 and was admitted to fellowship of the Securities Institute in 1995. He was previously a non-executive director of Peckham Building Society and was also during the year appointed as a non-executive director of Kennedy Ventures PLC.

ANDREW BEAUMONT (54) was appointed a non-executive director on 21 December 2011. He is a director of Aldbury Associates Limited, a business which provides company secretarial services. His past experience includes having been a director of Independent Registrars Group Limited (IRG), and working in Russia for part of the Overseas Aid Development Agency as a British consultant to the governing body for regulating Registrars (PARTAD).

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