

Rea, Peter

From: Maginness, Ron
Sent: Friday, 29 June 2012 11:22 AM
To: Rea, Peter
Subject: Fwd: LETTER FOR MANUKA
Attachments: Binding Letter of Comfort.docx; ATT00001.htm

Pete
Attached letter from Abacus Holdings underwriting the project so we need to get their financials checked urgently
Cheers
R

Sent from my iPhone

Begin forwarded message:

From: "John Anthony" <JAnthony@AbacusLighting.com>
To: "Magainness, Ron" <Ron.Magainness@act.gov.au>
Subject: FW: LETTER FOR MANUKA

Ron, I attach the draft letter. If it is OK we will print it on Holdings letter head. Please let me know if you want any changes and also where this needs to be sent if not to yourself. John

For and on behalf of Abacus Lighting

John Anthony | Abacus Lighting
Export Sales Director

Mob +44 (0)7770 730 442
email janthony@abacusb Lighting.com

twitter.com/AbacusLighting <<http://twitter.com/AbacusLighting>>

From: Maginness, Ron [<mailto:Ron.Magainness@act.gov.au>]
Sent: 29 June 2012 01:38
To: John Anthony
Subject: Re: LETTER FOR MANUKA

John
Yes

Sent from my iPhone

On 29/06/2012, at 10:13 AM, "John Anthony" <JAnthony@AbacusLighting.com<<mailto:JAnthony@AbacusLighting.com>>> wrote:
Hi Ron,

I tried your mobile and left a message.

I have a draft of the letter you require from Abacus Holdings. Can I email this to you? If

acceptable we will print this officially and submit. Look forward to hearing from you. John

For and on behalf of Abacus Lighting

John Anthony | Abacus Lighting
Export Sales Director

Mob +44 (0)7770 730 442

email janthony@abacuslighting.com <<mailto:janthony@abacuslighting.com>>

twitter.com/AbacusLighting <<http://twitter.com/AbacusLighting>>

Abacus Lighting Limited

Oddicroft Lane, Sutton in Ashfield, Nottinghamshire, UK, NG17 5FT

Company Registration Number: 612235

Telephone: +44 (0)1623 511 111 Fax: +44 (0)1623 552 133

www.abacuslighting.com <<http://www.abacuslighting.com>>

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Abacus Lighting Limited
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SECRET
0-00000

Rea, Peter

From: Rea, Peter
Sent: Thursday, 28 June 2012 3:22 PM
To: Bradfield, Noel
Subject: RE: Manuka Oval Sports Lighting - Project No. 19899

Hi Noel,

Could we please commission a financial assessment on Abacus Holdings Limited.

Because we might require a parent company guarantee if Abacus Lighting Limited is identified as preferred Tenderer.

Regards

Peter Rea | A/g Senior Project Officer
Phone: 02 6205 4292 | Mob: 0435 966 887 | Fax: 02 6207 5468

Shared Services Procurement | Treasury | ACT Government
Level 3 North, DPMH, 16 Challis Street Dickson ACT 2602 | GPO Box.818 Dickson ACT 2602 | www.act.gov.au



From: Bradfield, Noel
Sent: Wednesday, 27 June 2012 11:45 AM
To: Rea, Peter
Subject: FW: Manuka Oval Sports Lighting - Project No. 19899

Good morning Peter

I have attached an abridged financial assessment for Abacus Lighting Limited in relation to the above project.

The following observations are made:

- NOTE that financial assessment was conducted in Great British Pounds
- Please note Statement No 4 (on page 3) – The assessment has not included financial data from Abacus Holdings Limited. Should you wish to proceed with an assessment on the Holdings company, and such assessment was satisfactory for this tender, any contract given to Abacus Lighting Limited would need to be supported by a guarantee from the Holdings company.

Please do not hesitate to contact me should you require any clarification.

Thanks.

Noel Bradfield | Senior Prequalification Officer

Phone 02 6207 7154 | Fax 02 6207 6500

Shared Services Procurement | Treasury | ACT Government

Level 1 North, 16 Challis St Dickson ACT 2602 | www.act.gov.au

Rea, Peter

From: Bradfield, Noel
Sent: Wednesday, 27 June 2012 11:45 AM
To: Rea, Peter
Subject: FW: Manuka Oval Sports Lighting - Project No. 19899
Attachments: Abacus Lighting.pdf

Good morning Peter

I have attached an abridged financial assessment for Abacus Lighting Limited in relation to the above project.

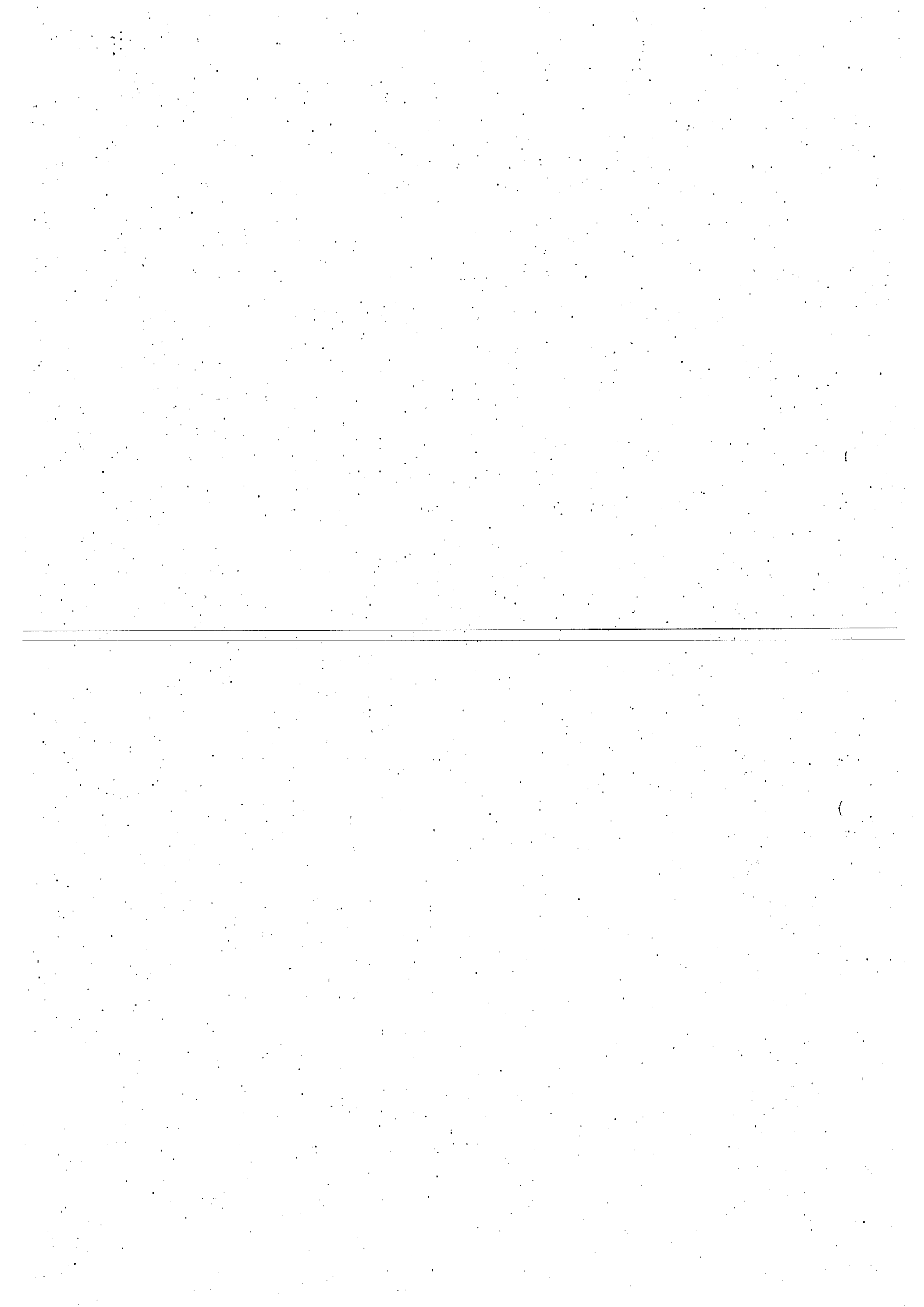
The following observations are made:

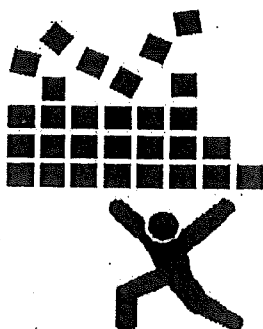
- NOTE that financial assessment was conducted in Great British Pounds
-
- Please note Statement No 4 (on page 3) – The assessment has not included financial data from Abacus Holdings Limited. Should you wish to proceed with an assessment on the Holdings company, and such assessment was satisfactory for this tender, any contract given to Abacus Lighting Limited would need to be supported by a guarantee from the Holdings company.

Please do not hesitate to contact me should you require any clarification.

Thanks

Noel Bradfield | Senior Prequalification Officer
Phone 02 6207 7154 | Fax 02 6207 6500
Shared Services Procurement | Treasury | ACT Government
Level 1 North, 16 Challis St Dickson ACT 2602 | www.act.gov.au



Kingsway Financial Assessments PTY LTD

ABN: 43 074 731 374

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 Bondi Junction NSW 2022
 Tel: (61-2) 8305-0600
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Email: assessments@kingswaygroup.com.au
 Web: www.kingswaygroup.com.au

Date: 27-June-2012
 Report No: 21132
 Code: ABACLIGH

PRIVATE AND CONFIDENTIAL

SUBJECT:
ABACUS LIGHTING LIMITED

ABN

TENDER ASSESSMENT REPORT
Detailed

PREPARED FOR:
ACT TREASURY DIRECTORATE
Shared Services Procurement / Contractor

Attention Noel Bradfield Phone: (02) 6207 7154

Work Description Installation of Sport Stadium Lighting

Contract Name Manuka Oval Sports Lighting

Location

Job Ref. 19899

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Accuracy of Information: This report prepared by Kingsway Financial Assessments Pty Ltd (Kingsway) is based on information provided to Kingsway which may include audited or unaudited financial statements and reports. Kingsway makes no representation as to the accuracy, completeness, reasonableness or assumptions of the information provided to it and is not responsible for any errors, omissions or misrepresentations contained therein. Kingsway is not liable for any loss or damage arising out of any information provided in this report.

1. Executive Summary

Report

21132

Subject	Abacus Lighting Limited	Incorporation	
ABN		State	
Entity Type	Foreign Company	Paid up Capital	
Entity Class	Liability unknown		
Entity Status	Not Applicable	Currency	£

Financial Statements	Abacus Lighting Limited	31-Mar-12
Status / Level	Management	Entity

Key items	31-Dec-11	31-Mar-12	% Change	Criteria	Rating
Sales Revenue	23,881,730	5,615,000	(6%)	Excess (Shortfall)	
Profit After Tax	(515,219)	123,000	196%	£	
Net Tangible Assets	(3,709,854)	(3,694,132)	0%	(4,054,573)	Unsatisfactory
Working Capital	(1,039,462)	(1,239,070)	(19%)	(1,599,511)	Unsatisfactory
Current Ratio	0.9	0.9	(0%)	(0:1)	Unsatisfactory

Rating	Contract	Manuka Oval Sports Lighting	
18%	Contract Value	\$ 5,347,000	Prequalification Value N/A
Unsatisfactory	Adjusted Value	N/A	

Financial data used: The rating in this report is based upon the management accounts of Abacus Lighting Limited ("the Company") as at 31 March 2012. Comparatives to previous periods were provided. The financial statements were denominated in British pound sterling and the exchange rate at 30 March 2012 was A\$1 = £0.6741.

Revenue & profitability: For the period ended 31 March 2012, the Company recorded revenue from ordinary activities of £5,615,000 resulting in a net profit after tax of £123,000. The £ equivalent project value to annualised sales revenue was 16%. The £ equivalent annualised project value to average sales revenue was 14.4%.

Key financial indicators: As at 31 March 2012, deficiency in net assets was £(3,694,132) which included no intangible assets. Deficiency in net tangible assets was £(3,694,132). Deficiency in working capital was £(1,239,070). The current ratio was 0.9. Given that the results were based on management accounts, the final results may be different upon finalisation of the fiscal 2012 financial statements.

Income tax expense: The Company did not record an expense for income tax for the period ended 31 March 2012. Upon enquiry, the Company advised that there was no income tax expense due to prior year tax losses.

Criteria: The Financial Capacity Scorecard and table above show the extent to which the Company has met the required criteria (See criteria - excess / shortfall above).

Rating: The Company has been assigned with an "Unsatisfactory" rating with respect to the Installation of Sport stadium Lighting - Manuka Oval Sports Lighting project valued at \$5,347,000.

Concerns: Further to the Assessment Criteria, please note the following concerns below. Where considered appropriate you may wish to implement risk management strategies. Please contact our office if clarification or assistance is required.

1. **Key financial indicators:** The Company did not meet the minimum financial criteria with respect to 1) Working capital, 2) Net tangible assets or 3) the current ratio.
2. **Trade debtors:** As at 31 March 2012, the Company recorded trade debtors in the amount of £4,772,160. This amount was material in the context of the Company's negative working capital recorded at that date. This indicated that the Company's working capital is influenced by how readily trade debtors can be converted into cash.

It should be noted however that the debtors ageing analysis contained in section 8 of this report suggested that 90% of debtors are outstanding for less than 60 days.

3. **Inventories:** As at 31 March 2012, the Company recorded inventories in the amount of £1,520,602. This amount was material in the context of the Company's negative working capital recorded at that date. This indicated that the Company's ability to maintain its working capital position is reliant on how readily inventories can be converted into cash.

Notes: We also note the following:

1. **Collections & payments:** As at 31 March 2012, days receivable stood at 77 days and days creditors at 138 days. This represents an improvement in the days creditors ratio and a deterioration in the days receivable ratio compared to 31 December 2011.
2. **Gearing:** The debt ratio was 147% which gives an indication of the percentage of the entity's assets that are financed via debt.
3. **Reconciliation:** The retained profits as at 31 March 2012 did not correspond with their figure for the previous period by the amount of £278. In view of the immateriality of the amount involved, an adjustment to the financial statements was not considered to be necessary.
4. **Other Information:** Although not utilised in this assessment, the respondent also provided the Consolidated financial statements of Abacus Holdings Limited which can be assessed upon request.
5. **Trade surveys:** Trade surveys were dispatched to a selection of the Company's trade suppliers and subcontractors. However, at the date of this assessment, no responses had been received. Accordingly, sections 18 and 19 of this report have been omitted.

1. Executive Summary - Adjustments

Adjusted Contract Value

Contract Value	\$ 5,347,000
- (A) Effect If contract duration is more than 12 months	\$ -
+ (B) Effect of other contracts to be considered simultaneously	\$ -
+ (C) Effect of recently commenced projects	\$ -
Adjusted Contract Value	\$ 5,347,000

Adjustment Details

(A) Effect If contract duration is more than 12 months

		Duration		Contract Value
Contract Under Review		17	weeks	\$5,347,000
Annualised over 52 weeks	Not applicable	52	weeks	\$5,347,000

(B) Effect of other contracts to be considered simultaneously

Contracts		Start Date		Value
Total other new contracts				\$0

(C) Effect of recently commenced projects

	Commenced within 6 weeks from assessment date	Value	Start Date	% Complete	Unexecuted value
G1					\$0
G2					\$0
G3					\$0
	Total unexecuted value of recently commenced projects				\$0

2. Financial Assessment Rating

Abacus Lighting Limited

ABN

Tender Assessment Report

Work Description	Installation of Sport Stadium Lightin	Contract No.	19899
Contract Name	Manuka Oval Sports Lighting		
Location			
Contract Value	\$5,347,000	Adjusted Value	N/A

Financial Data Used	Date	Status	Level	Used in rating
Abacus Lighting Limited	31-Dec-10	Audited	Entity	
Abacus Lighting Limited	31-Dec-11	Management	Entity	
Abacus Lighting Limited	31-Mar-12	Management	Entity	Yes

Financial Capacity Scorecard

Rated Items	unsatisfactory	acceptable	good	superior	n/a
Financial Statements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ratio Analysis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working Capital	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Current Ratio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net Tangible Assets	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banking Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contractors Declaration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supplier Payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Subcontractor Payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Defaults / Legal Actions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Project Value to Sales Revenue	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Analyst's Assessment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Overall Assessment

Financial capacity has not met the required criteria

18%

Unsatisfactory

Main Financial Criteria Applied

	Value	Denominator
1 Net Tangible Assets	10%	of Contract Value
2 Working Capital	10%	of Contract Value
3 Current Ratio	1.00	
4 Project_value_to_ave_revenue_p	50%	Average Revenue

3. Financial Statements

Financial statements for: Abacus Lighting Limited ABN:	Audited 31-Dec 2009 £	Audited 31-Dec 2010 £	Management 31-Dec 2011 £	Management 31-Mar 2012 £
PROFIT AND LOSS SUMMARY				
Revenue from ordinary activities	25,672,000	25,396,000	23,881,730	5,615,000
Cost of sales	16,638,000	16,634,000	15,273,680	3,534,000
Gross profit	9,034,000	8,762,000	8,608,050	2,081,000
Other income	555,000	655,000	698,125	0
Net profit/(loss) before income tax & interest	1,056,000	637,000	389,125	123,000
Interest expense	646,000	792,000	835,384	0
Income tax expense	170,000	6,000	68,960	0
Net profit/(loss) after income tax expense	240,000	(161,000)	(515,219)	123,000
Adjustments made to reserves	1,583,000	(245,000)	0	107,000
Dividends paid	0	0	0	0
BALANCE SHEET SUMMARY				
Cash & cash equivalents	0	0	0	14,366
Trade debtors	3,855,000	5,078,000	4,839,770	4,772,160
Inventories	1,551,000	2,408,000	1,550,752	1,520,602
Investments	0	0	0	0
Related entity loans / receivables	0	0	0	0
Other current assets	0	0	0	1,109,065
Total current assets	5,406,000	7,486,000	6,390,522	7,416,193
Net fixed assets	448,000	328,000	364,622	400,564
Intangible assets	0	0	0	0
Investments	0	0	0	0
Related entity loans / receivables	0	0	0	0
Other non-current assets	0	0	0	0
Total non-current assets	448,000	328,000	364,622	400,564
Total assets	5,854,000	7,814,000	6,755,144	7,816,757
Short term debt	0	0	0	1,796,919
Trade creditors	5,529,000	7,846,000	7,429,984	5,354,879
Accruals	0	0	0	1,116,088
Provisions	0	0	0	0
Related entity loans / payables	0	0	0	0
Other current liabilities	0	0	0	387,377
Total current liabilities	5,529,000	7,846,000	7,429,984	8,655,263
Long term debt	0	0	0	0
Related entity loans / payables	0	0	0	0
Other non-current liabilities	2,193,000	1,752,000	3,035,014	2,855,626
Total non-current liabilities	2,193,000	1,752,000	3,035,014	2,855,626
Total liabilities	7,722,000	9,598,000	10,464,998	11,510,889
Contributed equity	5,000	5,000	5,000	5,000
Retained profits (losses)	(1,873,000)	(1,789,000)	(3,714,854)	(3,699,132)
Total equity	(1,868,000)	(1,784,000)	(3,709,854)	(3,694,132)
Total equity and liabilities	5,854,000	7,814,000	6,755,144	7,816,757

4. Ratio Analysis

Financial statements for: Abacus Lighting Limited ABN:	Audited 31-Dec 2009 £	Audited 31-Dec 2010 £	Management 31-Dec 2011 £	Management 31-Mar 2012 £
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BALANCE SHEET RATIOS

Net tangible assets	(1,868,000)	(1,784,000)	(3,709,854)	(3,694,132)
Working capital	(123,000)	(360,000)	(1,039,462)	(1,239,070)
Net assets	(1,868,000)	(1,784,000)	(3,709,854)	(3,694,132)
Net tangible assets to project value	(35%)	(33%)	(69%)	(69%)
Working capital to project value	(2%)	(7%)	(19%)	(23%)
Total assets turnover	4.4	3.3	3.5	0.7
Fixed assets turnover	57.3	77.4	65.5	14.0

LIQUIDITY RATIOS

Current ratio	1.0	1.0	0.9	0.9
Quick ratio	0.7	0.6	0.7	0.7
Days receivable	55	73	74	77
Days creditors	121	172	178	138
Inventory turnover ratio	21	8	8	2

RISK RATIOS

Debt to equity ratio	(117%)	(98%)	(82%)	(77%)
Debt ratio	132%	123%	155%	147%
Interest cover (times interest earned)	2	1	0	N/A
Total equity to total assets	-32%	-23%	-55%	-47%
Total equity to total liabilities	-24%	-19%	-35%	-32%
Project value to average sales revenue	21.4%	21.4%	21.4%	21.4%

PROFITABILITY RATIOS

Gross profit margin	35.2%	34.5%	36.0%	37.1%
Net profit margin	0.9%	(0.6%)	(2.2%)	2.2%
Return on equity	N/A	N/A	19%	(3%)
Return on total assets	4%	(2%)	(8%)	2%

1900

Rea, Peter

From: Bradfield, Noel
Sent: Monday, 25 June 2012 9:38 AM
To: Rea, Peter
Subject: Manuka Oval Sports Lighting - Abacus Lighting

Good morning Peter

Message from Kingsway re Abacus Lighting

John Lawson provided balance sheet at 31 March 2012 without breakdown of assets and liabilities. Requested John Lawson to provide a detailed breakdown as well as the financial statements of the company for the years ended 31 December 2010 and 31 December 2011. There will be a delay in the completion of this assessment report.

Noel Bradfield | Senior Prequalification Officer

Phone 02 6207 7154 | Fax 02 6207 6500

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1900