

**COMPANIES HOUSE**  
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REGISTERED NUMBER: 45024 (England and Wales)

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005  
FOR  
THE TINTOMETER LIMITED**



**The Hopkins Partnership**  
CHARTERED ACCOUNTANTS

1 South Newton Trading Estate, Warminster Road,  
South Newton, Salisbury SP2 0QW  
Telephone: 01722 742233 Fax: 01722 742255

# **THE TINTOMÉTER LIMITED**

## **CONTENTS OF THE FINANCIAL STATEMENTS for the year ended 31 December 2005**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Profit and Loss Account</b>	<b>5</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Cash Flow Statement</b>	<b>8</b>
<b>Notes to the Cash Flow Statement</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>11</b>

**THE TINTOMETER LIMITED**  
**COMPANY INFORMATION**  
**for the year ended 31 December 2005**

**DIRECTORS:**

C P Voss  
M R Nowak  
C A H M Counsell

**SECRETARY:**

G J Belbin

**REGISTERED OFFICE:**

Lovibond House  
Solar Way  
Solstice Park  
Amesbury  
SP4 7SZ

**REGISTERED NUMBER:**

45024 (*England and Wales*)

**AUDITORS:**

*The Hopkins Partnership*  
Chartered Accountants  
and Registered Auditors  
1 South Newton Trading Estate  
Warminster Road  
South Newton  
Salisbury  
SP2 0QW

**THE TINTOMETER LIMITED**  
**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2005**

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the production of the Lovibond Colour Scale, the manufacture of instruments incorporating the Lovibond Colour Scale and instruments for chemical analysis.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors consider that the result for the year was satisfactory and will continue to be so in the future.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2005.

**FIXED ASSETS**

Details of movements in fixed assets are given in the notes to the financial statements.

The directors consider that the market value of freehold land and buildings at the balance sheet date is significantly greater than the net book value of £2,102,352 at which these assets are included within these financial statements. As referred to in note 9 to the financial statements, during the previous period the company entered into an agreement for the conditional sale of one of its freehold properties. At the balance sheet date, the conditions for the sale to proceed had not been satisfied.

**RESEARCH AND DEVELOPMENT**

Expenditure incurred by the company on research and development of new products is written off as incurred. All research and development expenditure is regarded as part of the company's continuing operations and is required to maintain its position in the market place.

**DIRECTORS**

The directors during the year under review were:

C P Voss	
B C Bird	- resigned 30.11.05
D J White	- resigned 30.11.05
M R Nowak	
C A H M Counsell	- appointed 1.1.05

The directors holding office at 31 December 2005 did not hold any beneficial interest in the issued share capital of the company at 1 January 2005 (or date of appointment if later) or 31 December 2005.

C P Voss is a director and shareholder of the parent company, Tintometer GmbH. Details of C P Voss's interest in the issued share capital of the parent company are disclosed in the financial statements of that company.

**DONATIONS**

During the year the company made charitable donations of £842 (2004 - £471).

# THE TINTOMETER LIMITED

## REPORT OF THE DIRECTORS for the year ended 31 December 2005

Continued from page 2.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

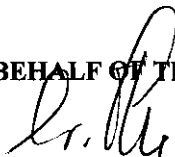
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITORS

The auditors, The Hopkins Partnership, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....  
C P Voss - Director

Date: .....

12<sup>th</sup> Sept. 2006

## THE TINTOMETER LIMITED

### REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE TINTOMETER LIMITED

We have audited the financial statements of The Tintometer Limited for the year ended 31 December 2005 on pages five to twenty six. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

As described on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*The Hopkins Partnership*

The Hopkins Partnership  
Chartered Accountants  
and Registered Auditors  
1 South Newton Trading Estate  
Warminster Road  
South Newton  
Salisbury  
SP2 0QW

Date: *21 September 2006*

**THE TINTOMETER LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2005**

		Year ended 31.12.05		Period 1.12.03 to 31.12.04 as restated	
	Notes	£	£	£	£
<b>TURNOVER</b>	2		3,979,487		3,719,149
Changes in stocks of finished goods and work in progress			<u>43,579</u>		<u>44,914</u>
			4,023,066		3,764,063
Raw materials and consumables		1,518,210		1,485,696	
Other external charges		<u>194,964</u>		<u>183,265</u>	
			<u>1,713,174</u>		<u>1,668,961</u>
			2,309,892		2,095,102
Staff costs	3	1,594,972		1,558,109	
Depreciation		83,430		107,205	
Other operating charges		<u>460,443</u>		<u>458,105</u>	
			<u>2,138,845</u>		<u>2,123,419</u>
<b>OPERATING PROFIT/(LOSS)</b>	4		171,047		(28,317)
Interest receivable and similar income			<u>1,103</u>		<u>227</u>
			172,150		(28,090)
Interest payable and similar charges	5	43,280		23,684	
Other finance (income)/costs	21	<u>73,000</u>		<u>42,000</u>	
			<u>116,280</u>		<u>65,684</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			55,870		(93,774)
Tax on profit/(loss) on ordinary activities	6		<u>2,850</u>		<u>(1,661)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD AFTER TAXATION</b>			<u>53,020</u>		<u>(92,113)</u>
<b>RETAINED PROFIT/(DEFICIT) FOR THE YEAR/PERIOD</b>			<u>53,020</u>		<u>(92,113)</u>

**CONTINUING OPERATIONS**

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

**THE TINTOMETER LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 2005**

	Year ended 31.12.05  £	Period 1.12.03 to 31.12.04 as restated £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD</b>	53,020	(92,113)
Pension scheme actuarial loss (net of tax)	<u>(739,530)</u>	<u>(257,580)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR/PERIOD</b>	(686,510)	<u>(349,693)</u>
Prior year adjustment	Note 7	
	<u>(858,600)</u>	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>	<u>(1,545,110)</u>	

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 December 2005**

	Year ended 31.12.05  £	Period 1.12.03 to 31.12.04 as restated £
<b>REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	55,870	(93,774)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>12,848</u>	<u>12,848</u>
<b>HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>68,718</u>	<u>(80,926)</u>
<b>HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR/PERIOD RETAINED AFTER TAXATION</b>	<u>65,868</u>	<u>(79,265)</u>

The notes form part of these financial statements



# THE TINTOMETER LIMITED

## BALANCE SHEET 31 December 2005

		2005	2004 as restated
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	8	-	-
Tangible assets	9	2,483,321	631,388
Investments	10	<u>4</u>	<u>4</u>
		2,483,325	631,392
<b>CURRENT ASSETS</b>			
Stocks	11	618,787	557,360
Debtors	12	762,781	621,551
Cash at bank and in hand		<u>24,021</u>	<u>21,247</u>
		1,405,589	1,200,158
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>2,653,888</u>	<u>691,163</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(1,248,299)</u>	<u>508,995</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,235,026	1,140,387
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(59,994)	(6,225)
<b>NET PENSION LIABILITY</b>	21	<u>(1,585,980)</u>	<u>(858,600)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(410,948)</u>	<u>275,562</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	5,500	5,500
Share premium account	20	103,600	103,600
Revaluation reserve	20	457,380	470,228
Capital redemption reserve	20	5,750	5,750
Profit and loss account	20	<u>(983,178)</u>	<u>(309,516)</u>
<b>SHAREHOLDERS' FUNDS</b>	25	<u>(410,948)</u>	<u>275,562</u>

ON BEHALF OF THE BOARD:



.....  
C P Voss - Director

Approved by the Board on .....

12<sup>th</sup> Sept. 2006

The notes form part of these financial statements

**THE TINTOMETER LIMITED**

**CASH FLOW STATEMENT  
for the year ended 31 December 2005**

		Year ended 31.12.05		Period 1.12.03 to 31.12.04 as restated	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	1		628,085		326,429
<b>Returns on investments and servicing of finance</b>	2		(42,177)		(25,228)
<b>Taxation</b>			-		2,108
<b>Capital expenditure</b>	2		<u>(1,795,306)</u>		<u>(18,889)</u>
			(1,209,398)		284,420
<b>Financing</b>	2		<u>1,265,547</u>		<u>61,090</u>
<b>Increase in cash in the period</b>			<u>56,149</u>		<u>345,510</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase in cash in the period		56,149		345,510	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(1,265,547)</u>		<u>21,583</u>	
Change in net debt resulting from cash flows			(1,209,398)		367,093
New hire purchase contracts			<u>(140,057)</u>		<u>(20,375)</u>
<b>Movement in net debt in the period</b>			(1,349,455)		346,718
<b>Net debt at 1 January</b>			<u>(132,680)</u>		<u>(479,398)</u>
<b>Net debt at 31 December</b>			<u>(1,482,135)</u>		<u>(132,680)</u>

The notes form part of these financial statements

# THE TINTOMETER LIMITED

## NOTES TO THE CASH FLOW STATEMENT for the year ended 31 December 2005

### 1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 as restated £
Operating profit/(loss)	171,047	(28,317)
Depreciation charges	80,831	86,360
Loss on disposal of fixed assets	2,599	20,845
Increase in stocks	(61,427)	(32,156)
(Increase)/Decrease in debtors	(141,230)	226,471
Increase in creditors	664,265	136,226
Difference between pension charge and cash contributions	(88,000)	(83,000)
<b>Net cash inflow from operating activities</b>	<b><u>628,085</u></b>	<b><u>326,429</u></b>

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

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,103	250
Interest paid	(41,562)	(22,796)
Interest element of hire purchase payments	(1,718)	(2,682)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(42,177)</u></b>	<b><u>(25,228)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,807,822)	(27,888)
Sale of tangible fixed assets	12,516	8,999
<b>Net cash outflow for capital expenditure</b>	<b><u>(1,795,306)</u></b>	<b><u>(18,889)</u></b>
<b>Financing</b>		
New loans in year	1,300,000	-
Capital repayments in year	(34,453)	(21,583)
Amount introduced by directors	-	173,967
Amount withdrawn by directors	-	(91,294)
<b>Net cash inflow from financing</b>	<b><u>1,265,547</u></b>	<b><u>61,090</u></b>

# THE TINTOMETER LIMITED

## NOTES TO THE CASH FLOW STATEMENT for the year ended 31 December 2005

### 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.05 £	Cash flow £	Other non-cash changes £	At 31.12.05 £
Net cash:				
Cash at bank and in hand	21,247	2,774		24,021
Bank overdraft	<u>(140,911)</u>	<u>53,375</u>		<u>(87,536)</u>
	<u>(119,664)</u>	<u>56,149</u>		<u>(63,515)</u>
Debt:				
Hire purchase	(13,016)	34,453	(140,057)	(118,620)
Debts falling due within one year	<u>-</u>	<u>(1,300,000)</u>	<u>-</u>	<u>(1,300,000)</u>
	<u>(13,016)</u>	<u>(1,265,547)</u>	<u>(140,057)</u>	<u>(1,418,620)</u>
Total	<u>(132,680)</u>	<u>(1,209,398)</u>	<u>(140,057)</u>	<u>(1,482,135)</u>

The notes form part of these financial statements

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

### 1. ACCOUNTING POLICIES

#### **Basis of preparing the financial statements**

The financial statements have been prepared on a going concern basis. Following the adoption of Financial Reporting Standard 17 - 'Retirement Benefits', the company, at the balance sheet date, has net liabilities of £410,948, of which £1,585,980 is in respect of the net pension liability. As the net pension liability is a technical liability of the company at the balance sheet date, the obligation of which is to be met over future accounting periods, the directors consider that its recognition in the balance sheet does not affect the company's ability to continue as a going concern and its ability to meet its day to day working capital requirements. Based on information available to the directors in respect of the company's future trading activities, the directors consider that the company has adequate resources available to it to continue its operations for the foreseeable future and therefore the going concern basis is considered to be appropriate and hence the financial statements do not contain any adjustments that might be necessary if this assumption was incorrect.

#### **Accounting convention**

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

#### **Exemption from preparing consolidated financial statements**

The financial statements contain information about The Tintometer Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Tintometer GmbH, a company registered in Germany.

#### **Turnover**

Turnover represents the net value of goods invoiced to customers during the year, less returns, discounts and allowances and excluding value added tax.

#### **Trade marks and patents**

Expenditure on trade marks and patents is capitalised as an intangible asset and amortised over six years.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold land	- not provided
Freehold buildings	- 10% on cost and 2% on cost or valuation
Plant and machinery	- 30% on reducing balance and 25% on cost
Motor vehicles	- 30% on reducing balance

Up to and including the year ended 30 November 1999 it was the company's policy to revalue freehold properties. In the year ended 30 November 2000 the company adopted the transitional provisions of Financial Reporting Standard 'Tangible Fixed Assets'. Whilst previous valuations have been retained, they have not been updated. From the year ended 30 November 2000 it has been the company's policy not to revalue fixed assets. The last valuation was in 1991.

#### **Stocks**

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

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

## THE TINTOMETER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

#### 1. ACCOUNTING POLICIES - continued

##### **Deferred tax**

Deferred tax is provided on all reversible timing differences that arise when comparing the accounting profit with the profits that are chargeable to taxation. Deferred tax is not provided on any permanent differences that may arise. At the balance sheet date, the required provision for deferred tax is compared with the provision at the beginning of the period and any difference is debited or credited to the profit and loss account. Deferred tax assets are only recognised when there is a reasonable certainty that they will be recoverable in the future.

##### **Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

##### **Foreign currencies**

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

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

##### **Pensions**

The company operates a defined benefit pension scheme. The pension scheme assets are measured using market values. The pension liabilities are measured using projected unit credit method and discounted at the rate of return on a high quality bond of equivalent term to scheme liabilities. Any increase in the present value of liabilities within the company's defined benefit pension scheme expected to arise from employee service in the year is charged to operating profit as current service costs and the expected return on pension scheme assets and interest on pension scheme liabilities are included within finance income and finance costs. Actuarial gains and losses are recognised in full in the period in which they occur and are shown in the statement of recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax.

The company also operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as incurred.

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 2. TURNOVER

The turnover and profit (2004 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
United Kingdom	1,301,883	1,402,692
Other European countries	1,360,154	1,265,667
Rest of the world	<u>1,317,450</u>	<u>1,050,790</u>
	<u>3,979,487</u>	<u>3,719,149</u>

### 3. STAFF COSTS

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 as restated £
Wages and salaries	1,386,006	1,321,117
Social security costs	126,659	122,944
Other pension costs (see note 21)	<u>82,307</u>	<u>114,048</u>
	<u>1,594,972</u>	<u>1,558,109</u>

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

	Year ended 31.12.05	Period 1.12.03 to 31.12.04
Production and service	43	38
Sales and distribution	5	4
Administration	<u>15</u>	<u>14</u>
	<u>63</u>	<u>56</u>

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 4. OPERATING PROFIT/(LOSS)

The operating profit (2004 - operating loss) is stated after charging/(crediting):

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Hire of plant and machinery	20,665	19,714
Research and development	46,209	41,357
Depreciation - owned assets	65,697	73,719
Depreciation - assets on hire purchase contracts	15,134	12,641
Loss on disposal of fixed assets	2,599	20,845
Auditors' remuneration	14,400	16,025
Foreign exchange differences	<u>(3,464)</u>	<u>(1,006)</u>
Directors' emoluments	210,054	285,462
Directors' pension contributions to money purchase schemes	5,555	2,943
Compensation to directors for loss of office	109,704	61,500
Directors' redundancy payments	<u>7,000</u>	<u>-</u>

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

Money purchase schemes	1	1
Defined benefit schemes	<u>-</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Emoluments etc	<u>66,191</u>	<u>72,414</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Bank interest	5,286	19,955
Bank loan interest	31,276	-
Other loan interest	5,000	1,047
Hire purchase interest	<u>1,718</u>	<u>2,682</u>
	<u>43,280</u>	<u>23,684</u>



# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 6. TAXATION

#### Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit/(loss) on ordinary activities for the year/period was as follows:

	Year ended 31.12.05	Period 1.12.03 to 31.12.04 as restated
	£	£
Current tax:		
Prior year overprovision	-	(9,451)
Deferred tax:		
Deferred tax recognised directly in profit and loss account		
Relating to:		
Net pension scheme costs	2,850	7,790
Total deferred tax	2,850	7,790
Tax on profit/(loss) on ordinary activities	2,850	(1,661)
Deferred tax recognised directly in statement of recognised gains and losses		
Relating to:		
Pension scheme actuarial movements	(173,470)	(60,420)

#### Factors affecting the tax charge/(credit)

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

	Year ended 31.12.05	Period 1.12.03 to 31.12.04 as restated
	£	£
Profit/(loss) on ordinary activities before tax	55,870	(93,774)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2004 - 19%)	10,615	(17,817)
Effects of:		
Expenses not deductible for tax purposes	(2,483)	(10,996)
Depreciation charged in excess of capital allowances	(30,626)	2,754
Losses carried forward	22,494	26,059
Prior year overprovision	-	(9,451)
Current tax charge/(credit)	-	(9,451)

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 7. PRIOR YEAR ADJUSTMENT

Financial Reporting Standard 17 - 'Retirement Benefits' has been applied in preparing these financial statements and involves a significant change in the measurement and presentation of pension scheme assets, liabilities and costs. The effect of this change on the company's profit and loss account and balance sheet is as follows with comparative figures restated as required:

Retained profit/(deficit)

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Decreased charge to operating profit/(loss)	88,000	83,000
Increased other finance income/(costs)	(73,000)	(42,000)
Increased tax charge	<u>(2,850)</u>	<u>(7,790)</u>
Total net retained profit increase/(deficit) decrease	<u>12,150</u>	33,210
As previously reported		<u>(125,323)</u>
As restated		<u>(92,113)</u>

Net (liabilities)/assets as at 31 December

	2005 £	2004 £
Creation of pension liability	(1,958,000)	(1,060,000)
Deferred tax thereon	<u>372,020</u>	<u>201,400</u>
Net pension liability	<u>(1,585,980)</u>	(858,600)
As previously reported		<u>1,134,162</u>
As restated		<u>275,562</u>

### 8. INTANGIBLE FIXED ASSETS

	Trade marks and patents £
<b>COST</b>	
At 1 January 2005 and 31 December 2005	<u>28,219</u>
<b>AMORTISATION</b>	
At 1 January 2005 and 31 December 2005	<u>28,219</u>
<b>NET BOOK VALUE</b>	
At 31 December 2005	<u>-</u>
At 31 December 2004	<u>-</u>

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2005	691,319	754,242	82,726	1,528,287
Additions	1,624,701	234,528	88,650	1,947,879
Disposals	<u>(6,754)</u>	<u>(1,927)</u>	<u>(36,855)</u>	<u>(45,536)</u>
At 31 December 2005	<u>2,309,266</u>	<u>986,843</u>	<u>134,521</u>	<u>3,430,630</u>
<b>DEPRECIATION</b>				
At 1 January 2005	194,722	659,337	42,840	896,899
Charge for year	16,413	42,998	21,420	80,831
Eliminated on disposal	<u>(4,221)</u>	<u>(1,832)</u>	<u>(24,368)</u>	<u>(30,421)</u>
At 31 December 2005	<u>206,914</u>	<u>700,503</u>	<u>39,892</u>	<u>947,309</u>
<b>NET BOOK VALUE</b>				
At 31 December 2005	<u>2,102,352</u>	<u>286,340</u>	<u>94,629</u>	<u>2,483,321</u>
At 31 December 2004	<u>496,597</u>	<u>94,905</u>	<u>39,886</u>	<u>631,388</u>

Included in cost or valuation of freehold land and buildings is freehold land of £214,717 (2004 - £Nil) which is not depreciated.

Cost or valuation at 31 December 2005 is represented by:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 1991	568,149	-	-	568,149
Cost	<u>1,741,117</u>	<u>986,843</u>	<u>134,521</u>	<u>2,862,481</u>
	<u>2,309,266</u>	<u>986,843</u>	<u>134,521</u>	<u>3,430,630</u>

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

	2005 £	2004 £
Cost	<u>1,741,117</u>	<u>123,170</u>
Aggregate depreciation	<u>96,145</u>	<u>96,801</u>

During the previous period, the company entered into an agreement for the conditional sale of one of its freehold properties for an amount significantly in excess of its net book value included within these financial statements. At the balance sheet date the conditions for the sale to proceed had not been satisfied.

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 9. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2005	-	20,875	20,875
Additions	<u>68,134</u>	<u>73,500</u>	<u>141,634</u>
At 31 December 2005	<u>68,134</u>	<u>94,375</u>	<u>162,509</u>
<b>DEPRECIATION</b>			
At 1 January 2005	-	6,262	6,262
Charge for year	<u>1,419</u>	<u>13,715</u>	<u>15,134</u>
At 31 December 2005	<u>1,419</u>	<u>19,977</u>	<u>21,396</u>
<b>NET BOOK VALUE</b>			
At 31 December 2005	<u>66,715</u>	<u>74,398</u>	<u>141,113</u>
At 31 December 2004	<u>-</u>	<u>14,613</u>	<u>14,613</u>

### 10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2005 and 31 December 2005	<u>4</u>
<b>NET BOOK VALUE</b>	
At 31 December 2005	<u>4</u>
At 31 December 2004	<u>4</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

#### Lovibond Tintometer Limited (formerly Optical Glass Accessories Limited)

Nature of business: Dormant

	% holding	2005 £	2004 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>2</u>	<u>2</u>

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 10. FIXED ASSET INVESTMENTS - continued

#### Lovibond Limited

Nature of business: Dormant

	% holding	2005	2004
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

In the opinion of the directors, there has been no diminution in the value of these investments below cost.

### 11. STOCKS

	2005	2004
	£	£
Raw materials and consumables	197,930	176,950
Work in progress	25,995	25,174
Finished goods and goods for resale	392,182	349,424
Other stocks	<u>2,680</u>	<u>5,812</u>
	<u>618,787</u>	<u>557,360</u>

### 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Trade debtors	527,148	480,778
Due from group undertakings	91,907	81,210
Other debtors	3,990	4
Value added tax	76,035	6,005
Prepayments	<u>63,701</u>	<u>53,554</u>
	<u>762,781</u>	<u>621,551</u>

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 15)	1,387,536	140,911
Hire purchase contracts (see note 16)	58,626	6,791
Trade creditors	448,334	288,579
Due to group undertakings	609,303	198,811
Taxation and social security	118,793	34,074
Other creditors	6,053	-
Accrued expenses	<u>25,243</u>	<u>21,997</u>
	<u>2,653,888</u>	<u>691,163</u>

**THE TINTOMETER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2005**

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2005	2004
	£	£
Hire purchase contracts (see note 16)	<u>59,994</u>	<u>6,225</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	87,536	140,911
Bank loans	<u>1,300,000</u>	<u>-</u>
	<u>1,387,536</u>	<u>140,911</u>

**16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	2005	2004
	£	£
Gross obligations repayable:		
Within one year	65,455	7,528
Between one and five years	<u>68,464</u>	<u>6,970</u>
	<u>133,919</u>	<u>14,498</u>
Finance charges repayable:		
Within one year	6,829	737
Between one and five years	<u>8,470</u>	<u>745</u>
	<u>15,299</u>	<u>1,482</u>
Net obligations repayable:		
Within one year	58,626	6,791
Between one and five years	<u>59,994</u>	<u>6,225</u>
	<u>118,620</u>	<u>13,016</u>

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year:

	2005	2004
	£	£
Expiring:		
Between one and five years	<u>9,064</u>	<u>8,234</u>

Other  
operating  
leases

### 17. SECURED DEBTS

The following secured debts are included within creditors:

	2005	2004
	£	£
Bank overdrafts	87,536	140,911
Bank loans	1,300,000	-
Hire purchase contracts	<u>118,620</u>	<u>13,016</u>
	<u>1,506,156</u>	<u>153,927</u>

The bank borrowings are secured by standard debentures consisting of fixed charges over the company's freehold property, fixed plant and machinery, book debts and goodwill, and floating charges over all other assets of the company.

### 18. PROVISIONS FOR LIABILITIES

	2005	2004
	£	£
Deferred tax		
Accelerated capital allowances	32,585	-
Unrelieved trading losses - restricted	<u>(32,585)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
		Deferred tax
		£
Accelerated capital allowances		32,585
Unrelieved trading losses - restricted		<u>(32,585)</u>
Balance at 31 December 2005		<u>-</u>

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 19. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2005	2004
Number:	Class:			
27,000	Ordinary	50p	£ <u>13,500</u>	£ <u>13,500</u>

### Allotted, issued and fully paid:

		Nominal value:	2005	2004
Number:	Class:			
11,000	Ordinary	50p	£ <u>5,500</u>	£ <u>5,500</u>

### 20. RESERVES

	Profit and loss account £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2005	549,084	103,600	470,228	5,750	1,128,662
Prior year adjustment	<u>(858,600)</u>				<u>(858,600)</u>
	(309,516)				270,062
Retained profit for the year	53,020				53,020
Transfer from revaluation reserve	12,848	-	(12,848)	-	-
Actuarial loss (net of tax)	<u>(739,530)</u>	-	-	-	<u>(739,530)</u>
At 31 December 2005	<u>(983,178)</u>	<u>103,600</u>	<u>457,380</u>	<u>5,750</u>	<u>(416,448)</u>
Profit and loss account excluding pension liability	602,802				
Net pension liability	<u>(1,585,980)</u>				
Profit and loss account	<u>(983,178)</u>				

### 21. PENSION COMMITMENTS

The company operates two pension schemes for its employees, one funded defined benefit pension scheme, which is closed to new employees, and one defined contribution pension scheme, which new employees may join.

#### Defined benefit scheme

The company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 1 August 2004 and updated to 31 December 2004 and 31 December 2005 by a qualified independent actuary. The major assumptions used by the actuary were:

	31.12.05	31.12.04	30.11.03
Rate of increase in salaries	3%	4%	4%
Rate of increase in pensions in payment	2.75%	2.5%	2.5%
Discount rate for scheme liabilities	5%	6%	6%
Inflation assumption	2.75%	2.5%	2.5%



# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 21. PENSION COMMITMENTS - continued

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31.12.05	Value at 31.12.05 £	Long-term rate of return expected at 31.12.04	Value at 31.12.04 £	Long-term rate of return expected at 30.11.03	Value at 30.11.03 £
Equities	7.5%	2,406,000	7.5%	2,038,000	7.5%	1,950,000
Fixed interest	5%	2,425,000	5%	2,163,000	5%	1,956,000
Cash	3.5%	<u>250,000</u>	3.5%	<u>188,000</u>	3.5%	<u>177,000</u>
Total market value of assets		5,081,000		4,389,000		4,083,000
Present value of scheme liabilities		<u>(7,039,000)</u>		<u>(5,449,000)</u>		<u>(4,866,000)</u>
Deficit in scheme		(1,958,000)		(1,060,000)		(783,000)
Related deferred tax asset		<u>372,020</u>		<u>201,400</u>		<u>148,770</u>
Net pension liability		<u><u>(1,585,980)</u></u>		<u><u>(858,600)</u></u>		<u><u>(634,230)</u></u>

### Analysis of the amount charged to operating profit

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Current service cost	<u>61,000</u>	<u>93,000</u>
Total operating charge	<u><u>61,000</u></u>	<u><u>93,000</u></u>

### Analysis of the amount credited/(charged) to other finance income/(costs)

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Expected return on pension scheme assets	266,000	267,000
Interest on pension scheme liabilities	<u>(339,000)</u>	<u>(309,000)</u>
Net cost	<u><u>(73,000)</u></u>	<u><u>(42,000)</u></u>

**THE TINTOMETER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the year ended 31 December 2005**

**21. PENSION COMMITMENTS - continued**

**Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)**

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Actual return less expected return on pension scheme assets	488,000	193,000
Experience gains and losses arising on the scheme liabilities	(26,000)	(511,000)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,375,000)</u>	<u>-</u>
Actuarial loss recognised in STRGL before adjustments for taxation	<u>(913,000)</u>	<u>(318,000)</u>

**Movement in deficit during the year**

	Year ended 31.12.05 £	Period 1.12.03 to 31.12.04 £
Deficit in scheme at start of year	(1,060,000)	(783,000)
Current service cost	(61,000)	(93,000)
Contributions	149,000	176,000
Other finance income/(costs)	(73,000)	(42,000)
Pension scheme actuarial loss	<u>(913,000)</u>	<u>(318,000)</u>
Deficit in scheme at end of year	<u>(1,958,000)</u>	<u>(1,060,000)</u>

**History of experience gains and losses**

	Year ended 31.12.05	Period 1.12.03 to 31.12.04	Year ended 30.11.03	Year ended 30.11.02
Difference between the expected and actual return on scheme assets:				
amount (£)	488,000	193,000	6,000	(559,000)
percentage of scheme assets	9.6%	4.4%	0.1%	(15)%
Experience gains and losses on scheme liabilities:				
amount (£)	(26,000)	(511,000)	244,000	(53,000)
percentage of the present value of the scheme liabilities	0.4%	9.4%	(5)%	1%
Changes in assumptions underlying the present value of the scheme liabilities:				
amount (£)	(1,375,000)	-	-	-
percentage of the present value of the scheme liabilities	19.5%	-	-	-
Total actuarial gain or loss:				
amount (£)	(913,000)	(318,000)	250,000	(612,000)
percentage of the present value of the scheme liabilities	13.0%	5.8%	(5)%	13%

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 21. PENSION COMMITMENTS - continued

The actuarial valuation at 1 August 2004 showed that the market value of the scheme's assets was £4,045,000 and that the actuarial value of those assets represented 74% of the benefits that had accrued to the members, after allowing for expected future increases in earnings. Following discussions with the company and the trustees of the pension scheme it was recommended by the scheme actuary that the company should amend its contributions from its previous level of 17% per annum of pensionable salaries less members contributions plus fixed instalments of £56,000 per annum until 2012, to 10.5% per annum of pensionable salaries plus fixed instalments of £76,000 per annum until 2010 with effect from August 2005. The members would continue to contribute at 5% and 6% in accordance with the scheme's rules.

During the year the company paid contributions of £123,628 (2004 - £143,716). At the balance sheet date there were no outstanding or prepaid contributions.

#### Defined contribution scheme

During the year the company paid contributions of £21,307 (2004 - £21,048) in respect of its defined contribution pension scheme. At the balance sheet date there were no outstanding or prepaid contributions.

#### Staff costs analysis

The other pension costs in note 3 can be analysed as follows:

	Year ended 31.12.05	Period 1.12.03 to 31.12.04 as restated
	£	£
Current service costs	61,000	93,000
Defined contribution pension scheme payments	<u>21,307</u>	<u>21,048</u>
Total net retained profit increase/(deficit) decrease	<u>82,307</u>	<u>114,048</u>

### 22. ULTIMATE PARENT COMPANY

The ultimate parent company is Tintometer GmbH, a company registered in Germany.

### 23. TRANSACTIONS WITH DIRECTORS

C P Voss has a controlling interest in and is a director of Tintometer GmbH. During the period, The Tintometer Limited sold to, and purchased from, Tintometer GmbH goods to the value of £303,881 and £687,664 respectively (2004 - £321,103 and £660,067). At the year end, The Tintometer Limited owed Tintometer GmbH £207,299 and was owed £91,907 (2004 - £198,807 and £81,210).

During the year loans totalling £400,000 were advanced to the company from Tintometer GmbH. Interest of £5,000 was payable on the amounts advanced, of which £2,000 was outstanding at the balance sheet date.

# THE TINTOMETER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2005

### 24. RELATED PARTY DISCLOSURES

#### Controlling interest

During the year the company was a wholly owned subsidiary of Tintometer GmbH, a company under the control of C P Voss. During the previous period The Tintometer Limited was under the control of P W Fawcett, a former director of the company, until 8 July 2004, after which time The Tintometer Limited became a wholly owned subsidiary of Tintometer GmbH.

#### Inter-group transactions and balances

No disclosure has been made in respect of transactions and balances with other group companies as the company has taken advantage of exemptions available under Financial Reporting Standard 8.

### 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004 as restated
	£	£
Profit/(Loss) for the financial year	53,020	(92,113)
Other recognised gains and losses relating to the year (net)	<u>(739,530)</u>	<u>(257,580)</u>
<b>Net reduction of shareholders' funds</b>	<b>(686,510)</b>	<b>(349,693)</b>
Opening shareholders' funds (originally £1,134,162 before prior year adjustment of £(858,600))	<u>275,562</u>	<u>625,255</u>
<b>Closing shareholders' funds</b>	<b><u>(410,948)</u></b>	<b><u>275,562</u></b>
Equity interests	<u>(410,948)</u>	<u>275,562</u>