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REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
THE TINTOMETER LIMITED

thp
thehopkinspartnership
CHARTERED ACCOUNTANTS

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THE TINTOMETER LIMITED

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	5
Consolidated Profit and Loss Account	6
Consolidated Statement of Total Recognised Gains and Losses	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Cash Flow Statement	11
Notes to the Consolidated Financial Statements	13

THE TINTOMETER LIMITED
COMPANY INFORMATION
for the year ended 31 December 2012

DIRECTORS:

C P Voss
M R Nowak
C A H M Counsell
M Reid
R E Lambourne

SECRETARY:

G J Belbin

REGISTERED OFFICE:

Lovibond House
Solar Way
Solstice Park
Amesbury
SP4 7SZ

REGISTERED NUMBER:

00045024 (England and Wales)

AUDITORS:

The Hopkins Partnership
Statutory Auditors
Chartered Accountants
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 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the manufacturing, sales and service of

- colour measuring instruments, reference standards and glass cuvettes
- water analysis equipment, reagents, and associated items

REVIEW OF BUSINESS

The group has continued to grow in 2012, with demand proving particularly strong in export markets especially Europe. Sales increased in the year under review. App-Chem Limited continues to be operated as a separate company, with a production facility in Wrexham, Wales. Improvements to App-Chem's systems have continued and also the invoice discounting facility has been terminated as a result of increased margins and cash flow. The group net assets decreased from £2.9m to £2.3m at end 2012. This was due to the FRS 17 reassessment of pension liabilities.

Research and development continues to be a major focus, and the resources dedicated to R&D are planned to increase further in 2013. As a result two major new products are scheduled for launch in 2013. The directors and managers continue to review operations, with an emphasis on improved service for customers, along with cost control and improvements in efficiency. 2012 saw greater control of inventory and improved performance in operations. Improved stock holding has been achieved as a result of new production methods, including a 'kanban' system.

The outlook for sales in 2013 remains positive, again largely as a result of increased demand from newly industrialising countries, while sales to Europe and North America are expected to show more modest growth despite the problems with the Euro-zone economies, and the continuing low growth outlook for the UK. This is largely due to the very diversified nature of the markets served by the group.

Regular management accounts and reports are produced for review by the board of directors, which are used by the board of directors to make decisions and assess business performance.

The key financial performance measures, which are monitored by the board of directors are

- Turnover as a measure of growth
- Profit from operations as a measure of performance
- Gross profit percentage as a measure of profitability

The results for the year and the financial position of the group are set out in the financial statements on pages 6 to 32. After operating costs have been met from revenues, a group profit before taxation of £1,124,522 was recorded.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are responsible for the group's systems of internal control, safeguarding of assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities, and have in place a framework of controls to ensure ongoing financial performance is monitored and risks identified as early as practically possible.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012.

RESEARCH AND DEVELOPMENT

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

THE TINTOMETER LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 December 2012

Continued from page 2

EMPLOYEE INVOLVEMENT

All employees are encouraged to take an active interest in all aspects of the performance of the business. There is extensive consultation with employees on matters affecting their employment and working environment.

EMPLOYMENT OF DISABLED PEOPLE

The group employs people who are registered disabled. The group welcomes applications from all sections of society, including disabled people. The group also provides training based on job requirements and any specialist equipment to enable disabled people to play a full part in the success of the business.

FIXED ASSETS

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

The directors consider that the market value of freehold land and buildings is in excess of the amount shown in the financial statements but, as these assets are used in the group's business and no disposals are envisaged, the excess is not quantified.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

C P Voss
M R Nowak
C A H M Counsell
M Reid
R E Lambourne

FINANCIAL RISK MANAGEMENT

The group's activities expose it to a number of financial risks including credit risk, liquidity risk and cash flow risk. The directors have policies in place to ensure such risks are managed.

Credit risk

The group's principal financial assets are cash at bank and in hand, and trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. However, this is managed by monitoring the aggregate amount and duration of exposure to any one debtor depending on their history. The amounts included in the balance sheet are net of provisions for any doubtful debts. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

The group is funded by retained profits and by agreed bank facilities. The group's policy is to ensure that any projected borrowing requirement is covered by committed facilities with its bankers. The group has continued to operate within its bank facilities and the directors believe that its financing arrangements are adequate for its future operational needs.

Cash flow risk

The interest rate on the bank facilities is at market rate and the group's policy is to keep the bank facilities within the defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The directors monitor the overall level of borrowing and interest costs to limit any adverse effects on the financial performance of the group.

Continued on page 4

THE TINTOMETER LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 December 2012

Continued from page 3

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group 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 418 of the Companies Act 2006) of which the group'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 group's auditors are aware of that information.

ON BEHALF OF THE BOARD:



C A H M Counsell - Director

Date

25/6/2013

THE TINTOMETER LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE TINTOMETER LIMITED

We have audited the financial statements of The Tintometer Limited and the group for the year ended 31 December 2012 on pages six to thirty two. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 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.



Nicholas Hopkins ACA (Senior Statutory Auditor)
for and on behalf of The Hopkins Partnership
Statutory Auditors
Chartered Accountants
1 South Newton Trading Estate
Warminster Road
South Newton
Salisbury
SP2 0QW

Date 26 June 2013

THE TINTOMETER LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

		2012		2011	
	Notes	£	£	£	£
TURNOVER	2		9,122,657		7,748,369
Continuing operations		9,122,657		6,993,367	
Acquisitions		<u>-</u>		<u>755,002</u>	
		<u>9,122,657</u>		<u>7,748,369</u>	
 Net operating expenses	3		<u>7,949,259</u>		<u>7,044,383</u>
OPERATING PROFIT	5		1,173,398		703,986
Continuing operations		1,173,398		607,971	
Acquisitions		<u>-</u>		<u>96,015</u>	
		<u>1,173,398</u>		<u>703,986</u>	
 Interest receivable and similar income			<u>304</u>		<u>-</u>
			1,173,702		703,986
 Interest payable and similar charges	6	12,180		10,363	
Other finance costs	22	<u>37,000</u>		<u>64,000</u>	
			<u>49,180</u>		<u>74,363</u>
 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,124,522		629,623
 Tax on profit on ordinary activities	7		<u>385,513</u>		<u>218,229</u>
 PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>739,009</u>		<u>411,394</u>

The notes form part of these financial statements

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2012

	2012 £	2011 £
PROFIT FOR THE FINANCIAL YEAR	739,009	411,394
Pension scheme actuarial loss (net of tax)	<u>(1,355,200)</u>	<u>(590,520)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u><u>(616,191)</u></u>	<u><u>(179,126)</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 December 2012

	2012 £	2011 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,124,522	629,623
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>2,571</u>	<u>2,572</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u><u>1,127,093</u></u>	<u><u>632,195</u></u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	<u><u>741,580</u></u>	<u><u>413,966</u></u>

The notes form part of these financial statements

THE TINTOMETER LIMITED (REGISTERED NUMBER: 00045024)

CONSOLIDATED BALANCE SHEET
31 December 2012

	Notes	2012	2011
		£	£
FIXED ASSETS			
Intangible assets	9	832,013	1,170,020
Tangible assets	10	2,201,979	2,333,606
Investments	11	<u>30</u>	<u>30</u>
		3,034,022	3,503,656
CURRENT ASSETS			
Stocks	12	1,202,015	1,232,929
Debtors	13	1,421,426	1,144,259
Cash at bank and in hand		<u>1,057,720</u>	<u>392,970</u>
		3,681,161	2,770,158
CREDITORS			
Amounts falling due within one year	14	<u>986,674</u>	<u>964,207</u>
NET CURRENT ASSETS		<u>2,694,487</u>	<u>1,805,951</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,728,509	5,309,607
CREDITORS			
Amounts falling due after more than one year	15	(391,917)	(540,703)
PROVISIONS FOR LIABILITIES	19	(67,863)	(90,764)
PENSION LIABILITY	22	<u>(2,939,860)</u>	<u>(1,733,080)</u>
NET ASSETS		<u><u>2,328,869</u></u>	<u><u>2,945,060</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	8,750	8,750
Share premium account	21	945,350	945,350
Revaluation reserve	21	69,429	72,000
Capital redemption reserve	21	5,750	5,750
Profit and loss account	21	<u>1,299,590</u>	<u>1,913,210</u>
SHAREHOLDERS' FUNDS	25	<u><u>2,328,869</u></u>	<u><u>2,945,060</u></u>

The financial statements were approved by the Board of Directors on its behalf by



C A H M Counsell - Director

25/6/2013

and were signed on

The notes form part of these financial statements

THE TINTOMETER LIMITED (REGISTERED NUMBER: 00045024)

COMPANY BALANCE SHEET
31 December 2012

	Notes	2012	2011
		£	£
FIXED ASSETS			
Intangible assets	9	364,789	509,461
Tangible assets	10	1,843,716	1,951,368
Investments	11	<u>891,527</u>	<u>891,527</u>
		3,100,032	3,352,356
CURRENT ASSETS			
Stocks	12	1,065,186	1,064,618
Debtors	13	1,394,976	1,085,445
Cash at bank and in hand		<u>1,016,005</u>	<u>367,392</u>
		3,476,167	2,517,455
CREDITORS			
Amounts falling due within one year	14	<u>878,130</u>	<u>759,075</u>
NET CURRENT ASSETS		<u>2,598,037</u>	<u>1,758,380</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,698,069	5,110,736
CREDITORS			
Amounts falling due after more than one year	15	(109,439)	(237,489)
PROVISIONS FOR LIABILITIES	19	(66,925)	(86,175)
PENSION LIABILITY	22	<u>(2,939,860)</u>	<u>(1,733,080)</u>
NET ASSETS		<u>2,581,845</u>	<u>3,053,992</u>
CAPITAL AND RESERVES			
Called up share capital	20	8,750	8,750
Share premium account	21	945,350	945,350
Revaluation reserve	21	69,429	72,000
Capital redemption reserve	21	5,750	5,750
Profit and loss account	21	<u>1,552,566</u>	<u>2,022,142</u>
SHAREHOLDERS' FUNDS	25	<u>2,581,845</u>	<u>3,053,992</u>

The financial statements were approved by the Board of Directors on its behalf by



C A H M Counsell - Director

25/6/2013

and were signed on

The notes form part of these financial statements

THE TINTOMETER LIMITED
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

		2012	2011
	Notes	£	£
Net cash inflow from operating activities	1	1,159,426	180,020
Returns on investments and servicing of finance	2	(11,876)	(10,363)
Taxation		(255,776)	(220,728)
Capital expenditure and financial investment	2	(93,478)	(380,176)
Acquisitions and disposals	2	-	(1,139,733)
		798,296	(1,570,980)
Financing	2	(133,546)	1,151,166
Increase/(decrease) in cash in the period		<u>664,750</u>	<u>(419,814)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		664,750	(419,814)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>133,546</u>	<u>(166,059)</u>
Change in net debt resulting from cash flows		798,296	(585,873)
New finance leases		-	64,176
Loan acquired from subsidiary		-	<u>(335,107)</u>
Movement in net debt in the period		798,296	(856,804)
Net (debt)/funds at 1 January		<u>(81,310)</u>	<u>775,494</u>
Net funds/(debt) at 31 December		<u>716,986</u>	<u>(81,310)</u>

The notes form part of these financial statements

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	1,173,398	703,986
Depreciation charges	553,390	447,917
Loss on disposal of fixed assets	9,722	7,422
Decrease/(increase) in stocks	30,914	(254,921)
Increase in debtors	(277,167)	(308,240)
Decrease in creditors	(9,831)	(198,144)
Difference between pension charge and cash contributions	<u>(321,000)</u>	<u>(218,000)</u>
Net cash inflow from operating activities	<u>1,159,426</u>	<u>180,020</u>

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	304	-
Interest paid	(8,518)	(5,430)
Interest element of hire purchase payments	<u>(3,662)</u>	<u>(4,933)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(11,876)</u>	<u>(10,363)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(45,000)	-
Purchase of tangible fixed assets	(49,233)	(388,283)
Purchase of fixed asset investments	-	(30)
Sale of tangible fixed assets	<u>755</u>	<u>8,137</u>
Net cash outflow for capital expenditure and financial investment	<u>(93,478)</u>	<u>(380,176)</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	-	(834,150)
Net bank overdraft and loans acquired with subsidiary	<u>-</u>	<u>(305,583)</u>
Net cash outflow for acquisitions and disposals	<u>-</u>	<u>(1,139,733)</u>
Financing		
Loan repayments in year	(102,013)	-
Loans acquired with subsidiary	-	335,107
Capital repayments in year	(31,533)	166,059
Share issue	-	2,500
Increase in share premium	<u>-</u>	<u>647,500</u>
Net cash (outflow)/inflow from financing	<u>(133,546)</u>	<u>1,151,166</u>

The notes form part of these financial statements

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2012**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 12 £	Cash flow £	At 31 12 12 £
Net cash			
Cash at bank and in hand	<u>392,970</u>	<u>664,750</u>	<u>1,057,720</u>
	<u>392,970</u>	<u>664,750</u>	<u>1,057,720</u>
 Debt			
Hire purchase	(69,019)	31,533	(37,486)
Debts falling due within one year	(102,047)	81,277	(20,770)
Debts falling due after one year	<u>(303,214)</u>	<u>20,736</u>	<u>(282,478)</u>
	<u>(474,280)</u>	<u>133,546</u>	<u>(340,734)</u>
 Total	<u>(81,310)</u>	<u>798,296</u>	<u>716,986</u>

The notes form part of these financial statements

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

1 ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The financial statements of the group include the results and financial position of the company and its subsidiary undertakings for the year ended 31 December 2012. Inter-company transactions and balances are eliminated on consolidation. The results of subsidiary undertakings acquired during the year are consolidated from the date of acquisition. Each of the subsidiary undertakings makes up its own financial statements to the same date as the company.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover represents income receivable from the production of the Lovibond® Colour Scale and the manufacture and sale of instruments and ancillary items related to colour measurement and water analysis reagents, less returns, discounts and allowances, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of four years.

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value to the group of the purchase consideration for the shares of the subsidiary undertaking over the fair value of the identifiable net assets. The goodwill arising is capitalised as an intangible fixed asset and is amortised on a straight line basis from the time of its acquisition over its estimated useful life of four years.

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	- 2% on cost or valuation
Improvements to leasehold property	- in equal instalments over the period of the lease
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 parent company's policy to revalue freehold properties. In the year ended 30 November 2000 the parent 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 parent company's policy not to revalue fixed assets. The last valuation was in 1991.

Investments

Investments are stated at cost less provisions for any permanent diminutions in value.

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

1 ACCOUNTING POLICIES - continued

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

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 on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme in respect of the parent company. The pension scheme assets are measured using market values. The pension liabilities are measured using attained age 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 group'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 group also operates defined contribution group personal pension schemes. Contributions are charged to the profit and loss account as incurred.

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group

3 ANALYSIS OF OPERATIONS

	Continuing £	2012 Acquisitions £	Total £
Net operating expenses			
Changes in stocks of finished goods and work in progress	68,248	-	68,248
Other operating income	(216)	-	(216)
Raw materials and consumables	2,943,591	-	2,943,591
Other external charges	488,874	-	488,874
Staff costs (see note 4)	2,828,488	-	2,828,488
Depreciation	563,112	-	563,112
Other operating charges	1,057,162	-	1,057,162
	<u>7,949,259</u>	<u>-</u>	<u>7,949,259</u>

	Continuing £	2011 Acquisitions £	Total £
Net operating expenses			
Changes in stocks of finished goods and work in progress	(222,678)	9,374	(213,304)
Other operating income	(60)	-	(60)
Raw materials and consumables	2,613,835	259,094	2,872,929
Other external charges	393,301	21,539	414,840
Staff costs (see note 4)	2,306,367	174,612	2,480,979
Depreciation	438,462	16,877	455,339
Other operating charges	856,169	177,491	1,033,660
	<u>6,385,396</u>	<u>658,987</u>	<u>7,044,383</u>

4 STAFF COSTS

	2012 £	2011 £
Wages and salaries	2,459,874	2,162,158
Social security costs	226,716	189,378
Other pension costs (see note 22)	141,898	129,443
	<u>2,828,488</u>	<u>2,480,979</u>

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

	2012	2011
Production and service	58	57
Sales and distribution	14	15
Administration	20	19
	<u>92</u>	<u>91</u>

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

5 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation - owned assets	147,100	131,649
Depreciation - assets on hire purchase contracts	23,283	28,816
Loss on disposal of fixed assets	9,722	7,422
Goodwill amortisation	383,007	287,452
Auditors' remuneration	19,950	13,750
- other services	5,226	4,238
Foreign exchange differences	26,332	18,993
Operating lease rentals - other	50,985	34,955
Hire of plant and machinery	30,842	17,196
Research and development	<u>69,367</u>	<u>66,856</u>
 Directors' remuneration	 192,206	 155,923
Directors' pension contributions to money purchase schemes	<u>10,857</u>	<u>8,447</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	652	-
Bank loan interest	7,866	5,430
Hire purchase interest	<u>3,662</u>	<u>4,933</u>
	<u>12,180</u>	<u>10,363</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

7 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2012 £	2011 £
Current tax		
UK Corporation tax	275,678	150,377
Prior year overprovision	<u>(2,844)</u>	<u>(435)</u>
Total current tax	<u>272,834</u>	<u>149,942</u>
Deferred tax		
Deferred tax recognised directly in profit and loss account		
Relating to		
Net pension scheme costs	135,580	40,040
Accelerated capital allowances	<u>(22,901)</u>	<u>28,247</u>
Total deferred tax	<u>112,679</u>	<u>68,287</u>
Tax on profit on ordinary activities	<u>385,513</u>	<u>218,229</u>
Deferred tax recognised directly in statement of recognised gains and losses		
Relating to		
Pension scheme actuarial movements	<u>(404,800)</u>	<u>(207,480)</u>

Factors affecting the tax charge

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

	2012 £	2011 £
Profit on ordinary activities before tax	<u>1,124,522</u>	<u>629,623</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 26%)	269,885	163,702
Effects of		
Expenses not deductible for tax purposes	63,303	70,426
Capital allowances in excess of depreciation	-	(17,853)
Depreciation charged in excess of capital allowances	22,587	-
Adjustments to tax charge in respect of previous periods	(2,844)	(435)
Expenses deductible for tax purposes	(82,894)	(64,089)
Marginal relief	<u>2,797</u>	<u>(1,809)</u>
Current tax charge	<u>272,834</u>	<u>149,942</u>

8 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £883,053 (2011 - £520,326)

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

9 INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Trade marks and patents £	Totals £
COST			
At 1 January 2012	1,472,028	78,219	1,550,247
Additions	<u>45,000</u>	<u>-</u>	<u>45,000</u>
At 31 December 2012	<u>1,517,028</u>	<u>78,219</u>	<u>1,595,247</u>
AMORTISATION			
At 1 January 2012	302,008	78,219	380,227
Amortisation for year	<u>383,007</u>	<u>-</u>	<u>383,007</u>
At 31 December 2012	<u>685,015</u>	<u>78,219</u>	<u>763,234</u>
NET BOOK VALUE			
At 31 December 2012	<u>832,013</u>	<u>-</u>	<u>832,013</u>
At 31 December 2011	<u>1,170,020</u>	<u>-</u>	<u>1,170,020</u>

Company

	Goodwill £	Trade marks and patents £	Totals £
COST			
At 1 January 2012	698,690	28,219	726,909
Additions	<u>45,000</u>	<u>-</u>	<u>45,000</u>
At 31 December 2012	<u>743,690</u>	<u>28,219</u>	<u>771,909</u>
AMORTISATION			
At 1 January 2012	189,229	28,219	217,448
Amortisation for year	<u>189,672</u>	<u>-</u>	<u>189,672</u>
At 31 December 2012	<u>378,901</u>	<u>28,219</u>	<u>407,120</u>
NET BOOK VALUE			
At 31 December 2012	<u>364,789</u>	<u>-</u>	<u>364,789</u>
At 31 December 2011	<u>509,461</u>	<u>-</u>	<u>509,461</u>

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

10 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Improvements to leasehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2012	2,126,201	75,922	996,926	175,403	3,374,452
Additions	-	-	49,233	-	49,233
Disposals	-	-	(161,922)	-	(161,922)
At 31 December 2012	<u>2,126,201</u>	<u>75,922</u>	<u>884,237</u>	<u>175,403</u>	<u>3,261,763</u>
DEPRECIATION					
At 1 January 2012	237,701	13,629	738,071	51,445	1,040,846
Charge for year	35,230	12,119	85,770	37,264	170,383
Eliminated on disposal	-	-	(151,445)	-	(151,445)
At 31 December 2012	<u>272,931</u>	<u>25,748</u>	<u>672,396</u>	<u>88,709</u>	<u>1,059,784</u>
NET BOOK VALUE					
At 31 December 2012	<u>1,853,270</u>	<u>50,174</u>	<u>211,841</u>	<u>86,694</u>	<u>2,201,979</u>
At 31 December 2011	<u>1,888,500</u>	<u>62,293</u>	<u>258,855</u>	<u>123,958</u>	<u>2,333,606</u>

Included in cost or valuation of freehold land and buildings is freehold land of £364,717 (2011 - £364,717) which is not depreciated

Cost or valuation at 31 December 2012 is represented by

	Freehold land and buildings £	Improvements to leasehold property £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 1991	119,641	-	-	-	119,641
Cost	<u>2,006,560</u>	<u>75,922</u>	<u>884,237</u>	<u>175,403</u>	<u>3,142,122</u>
	<u>2,126,201</u>	<u>75,922</u>	<u>884,237</u>	<u>175,403</u>	<u>3,261,763</u>

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

	2012 £	2011 £
Cost	<u>2,006,560</u>	<u>2,006,560</u>
Aggregate depreciation	<u>218,718</u>	<u>190,060</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

10 TANGIBLE FIXED ASSETS - continued

Group

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

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2012	58,428	100,296	158,724
Transfer to ownership	<u>(58,428)</u>	<u>-</u>	<u>(58,428)</u>
At 31 December 2012	<u>-</u>	<u>100,296</u>	<u>100,296</u>
DEPRECIATION			
At 1 January 2012	43,977	25,096	69,073
Charge for year	723	22,560	23,283
Transfer to ownership	<u>(44,700)</u>	<u>-</u>	<u>(44,700)</u>
At 31 December 2012	<u>-</u>	<u>47,656</u>	<u>47,656</u>
NET BOOK VALUE			
At 31 December 2012	<u>-</u>	<u>52,640</u>	<u>52,640</u>
At 31 December 2011	<u>14,451</u>	<u>75,200</u>	<u>89,651</u>

Company

	Freehold land and buildings £	Improvements to leasehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2012	1,776,201	75,922	925,136	173,103	2,950,362
Additions	-	-	48,125	-	48,125
Disposals	<u>-</u>	<u>-</u>	<u>(126,923)</u>	<u>-</u>	<u>(126,923)</u>
At 31 December 2012	<u>1,776,201</u>	<u>75,922</u>	<u>846,338</u>	<u>173,103</u>	<u>2,871,564</u>
DEPRECIATION					
At 1 January 2012	237,701	13,629	698,018	49,646	998,994
Charge for year	31,230	12,119	74,429	37,113	154,891
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(126,037)</u>	<u>-</u>	<u>(126,037)</u>
At 31 December 2012	<u>268,931</u>	<u>25,748</u>	<u>646,410</u>	<u>86,759</u>	<u>1,027,848</u>
NET BOOK VALUE					
At 31 December 2012	<u>1,507,270</u>	<u>50,174</u>	<u>199,928</u>	<u>86,344</u>	<u>1,843,716</u>
At 31 December 2011	<u>1,538,500</u>	<u>62,293</u>	<u>227,118</u>	<u>123,457</u>	<u>1,951,368</u>

Included in cost or valuation of freehold land and buildings is freehold land of £214,717 (2011 - £214,717) which is not depreciated

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

10 TANGIBLE FIXED ASSETS - continued

Company

Cost or valuation at 31 December 2012 is represented by

	Freehold land and buildings £	Improvements to leasehold property £	Plant and machinery £	Motor vehicles £	Totals £
Valuation in 1991	119,641	-	-	-	119,641
Cost	<u>1,656,560</u>	<u>75,922</u>	<u>846,338</u>	<u>173,103</u>	<u>2,751,923</u>
	<u>1,776,201</u>	<u>75,922</u>	<u>846,338</u>	<u>173,103</u>	<u>2,871,564</u>

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

	2012 £	2011 £
Cost	<u>1,656,560</u>	<u>1,656,560</u>
Aggregate depreciation	<u>218,718</u>	<u>190,060</u>

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

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2012	58,428	100,296	158,724
Transfer to ownership	<u>(58,428)</u>	<u>-</u>	<u>(58,428)</u>
At 31 December 2012	<u>-</u>	<u>100,296</u>	<u>100,296</u>
DEPRECIATION			
At 1 January 2012	43,977	25,096	69,073
Charge for year	723	22,560	23,283
Transfer to ownership	<u>(44,700)</u>	<u>-</u>	<u>(44,700)</u>
At 31 December 2012	<u>-</u>	<u>47,656</u>	<u>47,656</u>
NET BOOK VALUE			
At 31 December 2012	<u>-</u>	<u>52,640</u>	<u>52,640</u>
At 31 December 2011	<u>14,451</u>	<u>75,200</u>	<u>89,651</u>

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

11 FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
At 1 January 2012	
and 31 December 2012	<u>30</u>
NET BOOK VALUE	
At 31 December 2012	<u>30</u>
At 31 December 2011	<u>30</u>

Company

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 January 2012			
and 31 December 2012	<u>891,497</u>	<u>30</u>	<u>891,527</u>
NET BOOK VALUE			
At 31 December 2012	<u>891,497</u>	<u>30</u>	<u>891,527</u>
At 31 December 2011	<u>891,497</u>	<u>30</u>	<u>891,527</u>

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

Subsidiaries

Lovibond Tintometer Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Lovibond Limited

Nature of business Dormant

	%
Class of shares	holding
Ordinary	100 00

Tintometer India Private Limited

Country of incorporation India

Nature of business Dormant

	%
Class of shares	holding
Equity shares	99 98

App-Chem Limited

Nature of business Manufacture of water treatment analysis reagents

	%
Class of shares	holding
Ordinary	100 00

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

12 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Raw materials and consumables	420,836	387,735	338,739	303,000
Work in progress	19,802	38,213	19,802	38,213
Finished goods and goods for resale	748,733	798,570	694,001	714,994
Other stocks	<u>12,644</u>	<u>8,411</u>	<u>12,644</u>	<u>8,411</u>
	<u>1,202,015</u>	<u>1,232,929</u>	<u>1,065,186</u>	<u>1,064,618</u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	1,143,618	944,150	977,845	797,783
Due from group undertakings	112,461	93,514	264,354	182,241
Other debtors	11,966	9,920	94	-
Value added tax	44,695	6,507	43,997	15,253
Prepayments	<u>108,686</u>	<u>90,168</u>	<u>108,686</u>	<u>90,168</u>
	<u>1,421,426</u>	<u>1,144,259</u>	<u>1,394,976</u>	<u>1,085,445</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 16)	20,770	102,047	-	-
Hire purchase contracts (see note 17)	28,047	31,530	28,047	31,530
Trade creditors	400,594	332,117	338,169	258,225
Due to group undertakings	155,627	142,369	155,741	142,500
Corporation tax	167,435	150,377	154,730	134,318
Taxation and social security	75,230	71,680	67,422	65,878
Other creditors	104,950	107,463	100,000	100,000
Accrued expenses	<u>34,021</u>	<u>26,624</u>	<u>34,021</u>	<u>26,624</u>
	<u>986,674</u>	<u>964,207</u>	<u>878,130</u>	<u>759,075</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 16)	282,478	303,214	-	-
Hire purchase contracts (see note 17)	9,439	37,489	9,439	37,489
Other creditors	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>
	<u>391,917</u>	<u>540,703</u>	<u>109,439</u>	<u>237,489</u>

THE TINTOMETER LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

16 LOANS

An analysis of the maturity of loans is given below

	Group	
	2012 £	2011 £
Amounts falling due within one year or on demand		
Bank loans	<u>20,770</u>	<u>102,047</u>
Amounts falling due between two and five years		
Bank loans	<u>88,466</u>	<u>86,280</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans	<u>194,012</u>	<u>216,934</u>

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2012 £	2011 £
Gross obligations repayable		
Within one year	31,169	35,132
Between one and five years	<u>10,577</u>	<u>41,746</u>
	<u>41,746</u>	<u>76,878</u>
Finance charges repayable		
Within one year	3,122	3,602
Between one and five years	<u>1,138</u>	<u>4,257</u>
	<u>4,260</u>	<u>7,859</u>
Net obligations repayable		
Within one year	28,047	31,530
Between one and five years	<u>9,439</u>	<u>37,489</u>
	<u>37,486</u>	<u>69,019</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Hire purchase contracts	
	2012	2011
	£	£
Gross obligations repayable		
Within one year	31,169	35,132
Between one and five years	<u>10,577</u>	<u>41,746</u>
	<u>41,746</u>	<u>76,878</u>
Finance charges repayable		
Within one year	3,122	3,602
Between one and five years	<u>1,138</u>	<u>4,257</u>
	<u>4,260</u>	<u>7,859</u>
Net obligations repayable		
Within one year	28,047	31,530
Between one and five years	<u>9,439</u>	<u>37,489</u>
	<u>37,486</u>	<u>69,019</u>

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

Group

	Land and buildings		Other operating leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring				
Within one year	-	-	10,631	8,292
Between one and five years	37,000	37,000	14,850	13,698
In more than five years	<u>13,724</u>	<u>13,724</u>	-	-
	<u>50,724</u>	<u>50,724</u>	<u>25,481</u>	<u>21,990</u>

Company

	Land and buildings		Other operating leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring				
Within one year	-	-	-	7,517
Between one and five years	37,000	37,000	11,782	-
In more than five years	<u>13,724</u>	<u>13,724</u>	-	-
	<u>50,724</u>	<u>50,724</u>	<u>11,782</u>	<u>7,517</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

18 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	303,248	405,261	-	-
Hire purchase contracts	<u>37,486</u>	<u>69,019</u>	<u>37,486</u>	<u>69,019</u>
	<u>340,734</u>	<u>474,280</u>	<u>37,486</u>	<u>69,019</u>

The loan of one of the subsidiary companies is secured by a debenture by way of a legal mortgage including a fixed charge over all present and future freehold and leasehold property, a first fixed charge over the books and other debts, chattels, goodwill and uncalled capital, both present and future and a first floating charge over all assets both present and future

19 PROVISIONS FOR LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>67,863</u>	<u>90,764</u>	<u>66,925</u>	<u>86,175</u>

Group

	Deferred tax
	£
Balance at 1 January 2012	90,764
Utilised during year	<u>(22,901)</u>
Balance at 31 December 2012	<u>67,863</u>

Company

	Deferred tax
	£
Balance at 1 January 2012	86,175
Utilised during year	<u>(19,250)</u>
Balance at 31 December 2012	<u>66,925</u>

20 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	2012	2011
			£	£
17,500	Ordinary	50p	<u>8,750</u>	<u>8,750</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

21 RESERVES

Group

	Profit and loss account £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2012	1,913,210	945,350	72,000	5,750	2,936,310
Profit for the year	739,009				739,009
Transfer from revaluation reserve	2,571	-	(2,571)	-	-
Actuarial loss (net of tax)	<u>(1,355,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,355,200)</u>
At 31 December 2012	<u>1,299,590</u>	<u>945,350</u>	<u>69,429</u>	<u>5,750</u>	<u>2,320,119</u>
Profit and loss account excluding pension liability	4,239,450				
Pension deficit	<u>(2,939,860)</u>				
Profit and loss account	<u>1,299,590</u>				

Company

	Profit and loss account £	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2012	2,022,142	945,350	72,000	5,750	3,045,242
Profit for the year	883,053				883,053
Transfer from revaluation reserve	2,571	-	(2,571)	-	-
Actuarial loss (net of tax)	<u>(1,355,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,355,200)</u>
At 31 December 2012	<u>1,552,566</u>	<u>945,350</u>	<u>69,429</u>	<u>5,750</u>	<u>2,573,095</u>
Profit and loss account excluding pension liability	4,492,426				
Pension deficit	<u>(2,939,860)</u>				
Profit and loss account	<u>1,552,566</u>				

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

22 EMPLOYEE BENEFIT OBLIGATIONS

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

Defined benefit scheme

The group operates a defined benefit scheme in the UK for qualifying employees of the parent company. A full actuarial valuation was carried out as at 1 August 2010 and updated to 31 December 2010, 31 December 2011 and 31 December 2012. All valuations were carried out by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Present value of funded obligations	(11,132,000)	(9,176,000)
Fair value of plan assets	<u>7,314,000</u>	<u>6,834,000</u>
	(3,818,000)	(2,342,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(3,818,000)	(2,342,000)
Related deferred tax asset	<u>878,140</u>	<u>608,920</u>
Net pension liability	<u>(2,939,860)</u>	<u>(1,733,080)</u>

The pension scheme assets did not include any ordinary shares issued by the group

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Current service cost	22,000	24,000
Interest cost on pension scheme liabilities	421,000	446,000
Expected return on pension scheme assets	(384,000)	(382,000)
Past service cost	<u>-</u>	<u>-</u>
	<u>59,000</u>	<u>88,000</u>
Actual return on plan assets	<u>447,000</u>	<u>656,000</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Opening defined benefit obligation	9,176,000	7,936,000
Current service cost	22,000	24,000
Contributions by scheme participants	19,000	21,000
Interest cost	421,000	446,000
Actuarial losses/(gains)	1,823,000	1,072,000
Benefits paid	<u>(329,000)</u>	<u>(323,000)</u>
	<u>11,132,000</u>	<u>9,176,000</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Opening fair value of scheme assets	6,834,000	6,238,000
Contributions by employer	343,000	242,000
Contributions by scheme participants	19,000	21,000
Expected return	384,000	382,000
Actuarial gains/(losses)	63,000	274,000
Benefits paid	<u>(329,000)</u>	<u>(323,000)</u>
	<u>7,314,000</u>	<u>6,834,000</u>

The amounts recognised in the statement of recognised gains and losses are as follows

	Defined benefit pension plans	
	2012	2011
	£	£
Actuarial loss recognised in STRGL before adjustments for taxation	<u>(1,760,000)</u>	<u>(798,000)</u>
Cumulative amount of actuarial losses before adjustments for taxation	<u>(4,712,000)</u>	<u>(2,952,000)</u>

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows

	Defined benefit pension plans	
	2012	2011
Equities	40%	39%
Property	5%	-
Fixed interest	54%	60%
Cash	1%	1%
	<u>100%</u>	<u>100%</u>

The assets of the scheme consist mainly of property and equities. The asset figures exclude assets relating to members' AVCs.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

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.

	2012	2011
Discount rate	4.00%	4.60%
Expected return on scheme assets	5.60%	6.15%
Future pension increases	2.80%	2.90%
Revaluation in deferment	2.30%	2.40%
Post retirement mortality	PNMA/PNFA 00 YOB MC	PNMA/PNFA 00 YOB MC
	Minimum improvement 1%	
Life expectancy for 65 year old male	24.2 years	23.9 years
Life expectancy for 65 year old female	26.4 years	26.3 years

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Amounts for the current and previous four periods are as follows

	Year ended 31 12 12	Year ended 31 12 11	Year ended 31 12 10	Year ended 31 12 09	Year ended 31 12 08
Defined benefit pension plans					
Defined benefit obligation	(11,132,000)	(9,176,000)	(7,936,000)	(6,721,000)	(6,584,000)
Fair value of scheme assets	7,314,000	6,834,000	6,238,000	5,727,000	5,361,000
Deficit	(3,818,000)	(2,342,000)	(1,698,000)	(994,000)	(1,223,000)
Experience adjustments on scheme liabilities	(1,823,000)	(1,072,000)	(1,080,000)	(2,000)	427,000
Experience adjustments on scheme assets	63,000	274,000	289,000	54,000	(719,000)

The group expects to contribute £341,000 to its defined benefit pension scheme in the next twelve months.

The most recent full actuarial valuation at 1 August 2010 showed that the market value of the scheme's assets was £5,788,000 and that the actuarial value of those assets represented 65.4% of the benefits that had accrued to the members. The previous actuarial valuation at 1 August 2007 showed that the market value of the scheme's assets was £5,327,000 and that the actuarial value of those assets represented 83.0% of the benefits that had accrued to the members.

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2012

22 EMPLOYEE BENEFIT OBLIGATIONS - continued

As a result of the most recent triennial valuation the parent company agreed to a revised schedule of contributions and a recovery plan which aim to eliminate the funding shortfall by 31 July 2023. The revised schedule of contributions and recovery plan, effective from August 2011, has increased employer contributions of 6.3% per annum of pensionable salaries plus fixed instalments of £146,000 per annum to 6.3% per annum of pensionable salaries plus fixed instalments of £319,000 per annum. The members continue to contribute at the rates of 5% and 6% in accordance with the scheme's rules. The parent company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period. The next triennial valuation is due as at 1 August 2013.

During the year the group paid contributions of £342,371 (2011 - £242,421) which included fixed instalments of £319,000 (2011 - £218,083). There were no outstanding or prepaid contributions at the balance sheet date for the current or previous year.

Defined contribution scheme

During the year the group paid contributions of £84,372 (2011 - £67,027) in respect of its defined contribution pension scheme. At the balance sheet date there were no contributions outstanding and no prepaid contributions.

Staff costs analysis

The other pension costs in note 4 can be analysed as follows

	2012	2011
	£	£
Current service cost	22,000	24,000
Past service costs	-	-
Defined contribution pension scheme payments	84,372	67,027
Other pension costs	<u>35,526</u>	<u>38,416</u>
	<u>141,898</u>	<u>129,443</u>

23 ULTIMATE PARENT COMPANY

Tintometer GmbH (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company. Tintometer GmbH is under the control of C P Voss.

24 RELATED PARTY DISCLOSURES

Transactions

During the year, the group sold to, and purchased from, Tintometer GmbH goods to the value of £319,375 and £1,150,396 respectively (2011 - £288,130 and £1,180,463). At the year end, the group owed Tintometer GmbH £155,648 and was owed £48,702 (2011 - £142,369 and £35,189).

Also during the year, the group sold to, and purchased from, Orbeco-Hellige Inc (a subsidiary of Tintometer GmbH) goods to the value of £364,283 and £2,148 respectively (2011 - £283,956 and £3,551). At the year end, the group was owed £63,781 (2011 - £58,770).

The group paid £Nil (2011 - £4,000) to R E Lambourne for services provided.

THE TINTOMETER LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012	2011
	£	£
Profit for the financial year	739,009	411,394
Other recognised gains and losses relating to the year (net)	(1,355,200)	(590,520)
New share capital subscribed	-	2,500
Increase in share premium reserve	-	647,500
Net (reduction)/addition to shareholders' funds	(616,191)	470,874
Opening shareholders' funds	<u>2,945,060</u>	<u>2,474,186</u>
Closing shareholders' funds	<u>2,328,869</u>	<u>2,945,060</u>

Company

	2012	2011
	£	£
Profit for the financial year	883,053	520,326
Other recognised gains and losses relating to the year (net)	(1,355,200)	(590,520)
New share capital subscribed	-	2,500
Increase in share premium reserve	-	647,500
Net (reduction)/addition to shareholders' funds	(472,147)	579,806
Opening shareholders' funds	<u>3,053,992</u>	<u>2,474,186</u>
Closing shareholders' funds	<u>2,581,845</u>	<u>3,053,992</u>