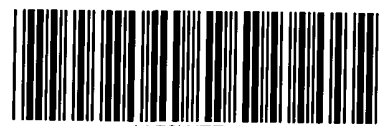


Registered number: 00045024

THE TINTOMETER LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

THE TINTOMETER LIMITED

COMPANY INFORMATION

Directors

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

Registered number

00045024

Registered office

Lovibond House
Sun Rise Way
Amesbury
Salisbury
Wiltshire
SP4 7GR

Independent auditors

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Bankers

HSBC Bank Plc
165 High Street
Southampton
Hampshire
SO14 2NZ

THE TINTOMETER LIMITED

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THE TINTOMETER LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Review of business

Overall, the directors consider the group's performance was satisfactory for the year as the group generated organic sales growth in excess of 7%; achieved comparable operating profit in year of £127K (2016 operating profit of £146K), despite adverse general economic factors impacting its Indian subsidiary; reported a reduced net loss and significantly improved operating cash flow (2017 inflow up £441K on 2016 levels) in the year.

Group Sales performance (a key internal performance indicator) was up on expectations for the year, with organic growth of over 7% on 2016 levels. This growth was driven by improved UK performance with increased sales to North America (reflecting a bounce-back in sales from relatively weak 2016 performance) & increased sales to the water testing market segments. Indian subsidiary sales to its local market declined in the year, reflecting the impact of macro-economic changes there (which included the introduction of a new country-wide Goods & Services Tax), on customer confidence and buying patterns.

Overall operating profit performance (another key internal performance indicator) although flat year on year, included good performance from the UK trading entities in the year. However, this was offset by increased losses in India (the result of the drop in sales there) and the final costs associated with the closure of the Appchem subsidiary (as detailed below). Administrative expenses were reduced in 2017, as compared to 2016 levels; this drop reflects the increased spends in 2016 on initial closure and restructuring costs of £230K. Finally, due to a reduction in other finance costs in the year (the result of movements related to the UK company Defined Benefit pension scheme), the group reported a net loss of £126K, an improvement on the 2016 levels.

In 2017 the group finalised its UK restructuring programme, with the cessation of all trading by its Appchem subsidiary and the final closure of this site in Wrexham; these actions incurred £99K of closure costs in the year. The Wrexham premises, which are now surplus to the group's requirements, have not yet been sold and are thus still on the market. Likewise, the group's surplus Amesbury property, the result of its relocation to a larger facility in the town due to its recent growth, is still on the market.

The final key performance indicator for the group is operating cash flow; performance for this metric was satisfactory, with a positive cash inflow generated in the year of £734K (2016 £294K), £667K up on the £127K operating profit in the period. The 3 key components of this increased cash inflow were the group's significant non-cash operating expenses (including Goodwill amortisation of £431K); the group focus on control of working capital (illustrated for example by the reductions in group stock levels, a good result in view of the increased sales in the year) and further agreed support from the holding company in Germany.

The group balance sheet, in addition to the improved position resulting from this good cash flow, was further strengthened in the year by both a restructuring of some of its external financing, which switched some of its previous short term borrowings into a fixed rate 6-year term loan, and by good investment performance on the assets held in the defined benefit trust, which played a key role in reducing the net liability of this fund by over £800K in the year.

Following a review of its Indian operations, the company directors decided to take a £116K write-down in the carrying value of this investment in the UK company accounts. This write-down reflects the unexpected delays to the planned expansion of this operation, which in the directors' opinion, result from adverse short term impacts of internal Indian macro-economic changes. It is the directors view that the long term future of this investment in India is still sound, in view of the long term growth potential of this market and that once these adverse issues have unwound, this investment will return to its projected long term growth plan. It is thus likely that this impairment will be only temporary in nature.

THE TINTOMETER LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

The outlook for sales in 2018 is for further organic growth, which it is expected will result from general increases in customer demand as well as the anticipated beneficial impact of new product introductions in both the water and colour market segments and from some recovery in sales in India (as the adverse macro-economic factors there start to unwind in the year). Group profits are also forecast to increase in 2018, mainly as a result of the increased sales volume, but also due to the savings associated with the group UK restructuring. The directors thus consider that the group is well placed for future success.

This report was approved by the board and signed on its behalf.


.....
P C Banning
Director

Date: 28 March 2018

THE TINTOMETER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £126,352 (2016 - loss £154,007).

No dividends will be distributed for the year ended 31 December 2017

Directors

The directors who served during the year were:

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

Research and development activities

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.

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 and benefits from extended credit terms with the Parent Group headed by Tintometer GmbH. 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

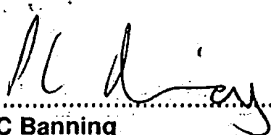
Future developments

The directors are not aware of any future developments that would have a significant impact on the Group or Parent company's activities.

THE TINTOMETER LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board and signed on its behalf.


P C Banning
Director

Date: 23 March 2018

THE TINTOMETER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TINTOMETER LIMITED

Opinion

We have audited the financial statements of The Tintometer Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Parent 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 Parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent company and the Parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the the Group's and of the Parent company's affairs as at 31 December 2017 and of the Group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE TINTOMETER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TINTOMETER LIMITED

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's or the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.


THE TINTOMETER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TINTOMETER LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


Christopher Appleton (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditor

Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date: 28 March 2018

THE TINTOMETER LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	12,670,833	11,824,268
Cost of sales		(7,349,248)	(5,716,763)
Gross profit		5,321,585	6,107,505
Administrative expenses		(5,194,986)	(5,960,931)
Operating profit	5	126,599	146,574
Interest receivable and similar income	8	1,112	1,770
Interest payable and expenses	9	(101,690)	(111,285)
Other finance costs	10	(78,000)	(109,000)
Loss before taxation		(51,979)	(71,941)
Tax on loss	11	(74,373)	(82,066)
Loss for the financial year		(126,352)	(154,007)
Actuarial gains on defined benefit pension scheme		653,000	236,000
Movement of deferred tax relating to pension deficit		(110,989)	(103,100)
Foreign exchange movement		92,450	13,826
Other comprehensive income for the year		634,461	146,726
Total comprehensive income for the year		508,109	(7,281)

THE TINTOMETER LIMITED
REGISTERED NUMBER: 00045024

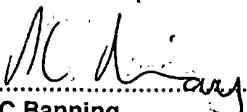
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	861,826	1,292,739
Tangible assets	13	7,127,522	7,297,908
Fixed asset investments	14	30	30
		<u>7,989,378</u>	<u>8,590,677</u>
Current assets			
Stocks	15	2,161,834	2,344,270
Debtors: amounts falling due within one year	16	2,283,310	1,775,383
Cash at bank and in hand		1,471,688	1,445,304
		<u>5,916,832</u>	<u>5,564,957</u>
Creditors: amounts falling due within one year	17	(3,106,761)	(3,238,993)
Net current assets		<u>2,810,071</u>	<u>2,325,964</u>
Total assets less current liabilities		<u>10,799,449</u>	<u>10,916,641</u>
Creditors: amounts falling due after more than one year	18	(2,144,937)	(1,944,579)
Provisions for liabilities			
Other provisions	22	(45,289)	(36,948)
		<u>(45,289)</u>	<u>(36,948)</u>
Net assets excluding pension liability		<u>8,609,223</u>	<u>8,935,114</u>
Pension liability	26	(1,772,000)	(2,606,000)
Net assets		<u><u>6,837,223</u></u>	<u><u>6,329,114</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Capital and reserves			
Called up share capital	23	11,000	11,000
Share premium account	24	1,528,100	1,528,100
Revaluation reserve	24	64,287	64,287
Capital redemption reserve	24	5,750	5,750
Foreign exchange reserve	24	98,602	6,152
Profit and loss account	24	5,129,484	4,713,825
		<u>6,837,223</u>	<u>6,329,114</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


P C Banning
Director

Date: 28 March 2018

THE TINTOMETER LIMITED
REGISTERED NUMBER: 00045024

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	861,825	1,292,738
Tangible assets	13	6,699,436	6,837,371
Investments	14	885,265	1,106,531
		<u>8,446,526</u>	<u>9,236,640</u>
Current assets			
Stocks	15	1,856,688	2,035,990
Debtors: amounts falling due within one year	16	2,751,350	2,297,593
Cash at bank and in hand		1,382,981	1,248,280
		<u>5,991,019</u>	<u>5,581,863</u>
Creditors: amounts falling due within one year	17	(3,560,547)	(3,853,321)
Net current assets		<u>2,430,472</u>	<u>1,728,542</u>
Total assets less current liabilities		<u>10,876,998</u>	<u>10,965,182</u>
Creditors: amounts falling due after more than one year	18	(1,974,372)	(1,750,000)
Provisions for liabilities			
Other provisions	22	(30,000)	(30,000)
		<u>(30,000)</u>	<u>(30,000)</u>
Net assets excluding pension liability		<u>8,872,626</u>	<u>9,185,182</u>
Pension liability		(1,772,000)	(2,606,000)
Net assets		<u><u>7,100,626</u></u>	<u><u>6,579,182</u></u>

THE TINTOMETER LIMITED
REGISTERED NUMBER: 00045024

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

		31 December 2017 £	<i>As restated</i> 31 December 2016 £
	Note		
Capital and reserves			
Called up share capital	23	11,000	11,000
Share premium account	24	1,528,100	1,528,100
Revaluation reserve	24	64,287	64,287
Capital redemption reserve	24	5,750	5,750
Merger reserve	24	(275,330)	(275,330)
Profit and loss account	24	5,766,819	5,245,375
		<u>7,100,626</u>	<u>6,579,182</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £20,567 (2016 - loss £707,575).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


P C Banning
 Director

Date: 28 MARCH 2018

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2017	11,000	1,528,100	5,750	64,287	6,152	4,713,825	6,329,114
Loss for the year	-	-	-	-	-	(126,352)	(126,352)
Actuarial gains on pension scheme	-	-	-	-	-	542,011	542,011
Foreign exchange movement	-	-	-	-	92,450	-	92,450
At 31 December 2017	11,000	1,528,100	5,750	64,287	98,602	5,129,484	6,837,223

THE TINTOMETER LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2016	11,000	1,528,100	5,750	64,287	(7,674)	4,734,932	6,336,395
Loss for the year	-	-	-	-	-	(154,007)	(154,007)
Actuarial gains on pension scheme	-	-	-	-	-	132,900	132,900
Foreign exchange movement	-	-	-	-	13,826	-	13,826
At 31 December 2016	11,000	1,528,100	5,750	64,287	6,152	4,713,825	6,329,114

The notes on pages 20 to 47 form part of these financial statements.

THE TINTOMETER LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2017	11,000	1,528,100	5,750	64,287	(275,330)	5,245,375	6,579,182
Loss for the year	-	-	-	-	-	(20,567)	(20,567)
Actuarial gains on pension scheme	-	-	-	-	-	542,011	542,011
At 31 December 2017	<u>11,000</u>	<u>1,528,100</u>	<u>5,750</u>	<u>64,287</u>	<u>(275,330)</u>	<u>5,766,819</u>	<u>7,100,626</u>

THE TINTOMETER LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2016	11,000	1,528,100	5,750	64,287	-	5,820,050	7,429,187
Loss for the year	-	-	-	-	-	(707,575)	(707,575)
Actuarial gains on pension scheme	-	-	-	-	-	132,900	132,900
Merger reserve arising on the hive up of subsidiary net assets	-	-	-	-	(275,330)	-	(275,330)
At 31 December 2016	11,000	1,528,100	5,750	64,287	(275,330)	5,245,375	6,579,182

The notes on pages 20 to 47 form part of these financial statements.

THE TINTOMETER LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(126,352)	(154,007)
Adjustments for:		
Amortisation of intangible assets	430,913	475,682
Depreciation of tangible assets	371,510	290,827
Loss on disposal of tangible assets	6,397	(5,168)
Interest paid	195,833	220,285
Interest received	(1,112)	(1,770)
Taxation charge	74,373	82,066
Decrease/(increase) in stocks	182,436	(231,067)
Decrease in debtors	28,985	75,485
(Increase)/decrease in amounts owed by parent group undertakings	(682,592)	202,847
(Decrease) in creditors	(528,860)	(750,646)
Increase in amounts owed to parent group undertakings	988,262	382,594
Increase in provisions	8,341	13,114
(Decrease) in net pension assets/liabs	(259,000)	(301,000)
Foreign exchange movement	92,450	-
Corporation tax (paid)	(46,711)	(5,173)
Net cash generated from operating activities	734,873	294,069
Cash flows from investing activities		
Purchase of tangible fixed assets	(207,522)	(377,588)
Sale of tangible fixed assets	-	262,770
Interest received	1,112	1,770
Net cash from investing activities	(206,410)	(113,048)

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of loans	(383,966)	(208,303)
Interest paid	(117,832)	(111,285)
Net cash used in financing activities	(501,798)	(319,588)
Net increase/(decrease) in cash and cash equivalents	26,665	(138,567)
Cash and cash equivalents at beginning of year	1,445,023	1,583,590
Cash and cash equivalents at the end of year	1,471,688	1,445,023
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,471,688	1,445,304
Bank overdrafts		(281)
	1,471,688	1,445,023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

The Tintometer Limited is a private limited company incorporated by shares in England and Wales. The address of the registered office is Lovibond House, Sun Rise Way, Amesbury, Salisbury, Wiltshire, SP4 7GR and the registered number is 00045024.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

The directors consider that both App-Chem Limited and DTK Water Limited are entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required App-Chem Limited and DTK Water Limited to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

2.3 Going concern

During the year ended 31 December 2017, the Group incurred a loss of £126k (2016: £154k) and at the balance sheet date had net current assets of £2.81m (2016: £2.33m). The directors have prepared forecasts for the year ended 31 December 2018 which show that the Group will return to profitability and based on this and the available working capital, the directors consider it appropriate to prepare the financial statements on a going concern basis.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Long-term leasehold property	- Over period of lease
Plant and machinery	- 18% straight line
Motor vehicles	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs; and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.17 Pensions (continued)

included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Goodwill impairment

Goodwill is amortised over an estimated useful life of 5 years unless there is any indication of impairment to the value of the relevant separately identifiable cash generating unit, when the goodwill is written down to its revised estimated value. The carrying value of goodwill at 31 December 2017 was £861,826 after amortisation of £2,573,655.

Dilapidations

The group has leased property and one of the clauses in these leases obliges the group to return the property in the same condition as when the lease was taken out. As there is no certainty over the final costs to bring the property back to this condition, the groups prepares estimates at each reporting date. The carrying value of such provisions at 31 December 2017 was £45,289.

Warranty provision

Past experience has shown that, although customers can return within the agreed warranty period any products that are or become faulty supplied by the group, such returns are not significant. Accordingly the group makes no warranty provision at year-end, and any such costs are expensed in the year the units are returned by the customer. The group closely monitors this situation.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	4,414,747	4,258,355
Rest of Europe	3,980,326	3,237,284
Rest of the world	4,275,760	4,328,629
	<u>12,670,833</u>	<u>11,824,268</u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	371,510	290,827
(Loss)/profit on disposal of fixed asset	(6,397)	5,168
Amortisation of intangible assets, including goodwill	430,913	475,682
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	34,990	37,295
Exchange differences	51,521	(2,353)
Defined contribution pension cost	<u>230,298</u>	<u>223,251</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,516,107	3,522,459	3,474,795	3,324,774
Social security costs	230,337	250,803	227,933	248,401
Cost of defined contribution scheme	230,298	223,251	228,895	216,919
	<u>3,976,742</u>	<u>3,996,513</u>	<u>3,931,623</u>	<u>3,790,094</u>

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

	2017 No.	2016 No.
Production and service	83	87
Sales and distribution	21	18
Administration	33	34
	<u>137</u>	<u>139</u>

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	289,988	298,752
Company contributions to defined contribution pension schemes	20,706	20,604
	<u>310,694</u>	<u>319,356</u>

During the year retirement benefits were accruing to 3 directors (2016 : 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £129,734 (2016 - £128,689).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,232 (2016 - £11,171).

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Interest receivable

	2017 £	2016 £
Other interest receivable	1,112	1,770
	<u>1,112</u>	<u>1,770</u>

9. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	101,690	111,285
	<u>101,690</u>	<u>111,285</u>

10. Other finance costs

	2017 £	2016 £
Net interest on net defined benefit liability	(388,000)	(417,000)
Expected return on pension scheme assets	310,000	308,000
	<u>(78,000)</u>	<u>(109,000)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	(51,271)
Adjustments in respect of previous periods	62,840	-
	<u>62,840</u>	<u>(51,271)</u>
Total current tax	<u>62,840</u>	<u>(51,271)</u>
Deferred tax		
Origination and reversal of timing differences	11,533	133,337
Total deferred tax	<u>11,533</u>	<u>133,337</u>
Taxation on profit on ordinary activities	<u>74,373</u>	<u>82,066</u>

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(51,979)	(71,941)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(10,008)	(14,388)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	82,951	95,136
Other permanent differences	2,310	3,198
Capital allowances for year in excess of depreciation	-	729
Other tax adjustments	35,176	9,309
Additional deduction for R&D expenditure	(110,165)	(168,401)
Adjustment to tax charge in respect of previous periods	62,840	-
Deferred tax charged directly to equity	14,670	40,120
Adjust closing deferred tax to average rate	-	(23,961)
Expenses not deductible for tax purposes	69,427	23,146
Deferred tax movements	(22,650)	117,178
Deferred tax not recognised	(50,178)	-
Total tax charge for the year	74,373	82,066

Factors that may affect future tax charges

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Intangible assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2017	28,219	3,435,481	3,463,700
At 31 December 2017	28,219	3,435,481	3,463,700
Amortisation			
At 1 January 2017	28,219	2,142,742	2,170,961
Charge for the year	-	430,913	430,913
At 31 December 2017	28,219	2,573,655	2,601,874
Net book value			
At 31 December 2017	-	861,826	861,826
At 31 December 2016	-	1,292,739	1,292,739

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Intangible assets (continued)

Company

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2017	28,219	2,467,341	2,495,560
At 31 December 2017	28,219	2,467,341	2,495,560
Amortisation			
At 1 January 2017	28,219	1,174,603	1,202,822
Charge for the year	-	430,913	430,913
At 31 December 2017	28,219	1,605,516	1,633,735
Net book value			
At 31 December 2017	-	861,825	861,825
At 31 December 2016	-	1,292,738	1,292,738

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2017	7,120,726	331,678	1,710,459	156,076	-	9,318,939
Additions	-	25,094	69,423	58,573	54,432	207,522
Disposals	-	-	(53,977)	-	-	(53,977)
At 31 December 2017	<u>7,120,726</u>	<u>356,772</u>	<u>1,725,905</u>	<u>214,649</u>	<u>54,432</u>	<u>9,472,484</u>
Depreciation						
At 1 January 2017	727,004	35,420	1,140,475	118,132	-	2,021,031
Charge for the year on owned assets	170,069	93,308	83,058	25,075	-	371,510
Disposals	-	-	(47,579)	-	-	(47,579)
At 31 December 2017	<u>897,073</u>	<u>128,728</u>	<u>1,175,954</u>	<u>143,207</u>	<u>-</u>	<u>2,344,962</u>
Net book value						
At 31 December 2017	<u>6,223,653</u>	<u>228,044</u>	<u>549,951</u>	<u>71,442</u>	<u>54,432</u>	<u>7,127,522</u>
At 31 December 2016	<u>6,393,722</u>	<u>296,258</u>	<u>569,984</u>	<u>37,944</u>	<u>-</u>	<u>7,297,908</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2017	6,770,725	293,490	1,538,174	156,076	-	8,758,465
Additions	-	-	113,677	30,109	54,432	198,218
Disposals	-	-	(53,977)	-	-	(53,977)
At 31 December 2017	6,770,725	293,490	1,597,874	186,185	54,432	8,902,706
Depreciation						
At 1 January 2017	707,324	35,420	1,060,218	118,132	-	1,921,094
Charge for the year on owned assets	168,867	33,441	109,765	17,682	-	329,755
Disposals	-	-	(47,579)	-	-	(47,579)
At 31 December 2017	876,191	68,861	1,122,404	135,814	-	2,203,270
Net book value						
At 31 December 2017	5,894,534	224,629	475,470	50,371	54,432	6,699,436
At 31 December 2016	6,063,401	258,070	477,956	37,944	-	6,837,371

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Fixed asset investments

Group

Unlisted
Investments
£

Cost or valuation and Net book value

At 1 January 2017 and 31 December 2017

30

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
App-Chem Limited	Ordinary	100 %	Manufacture of water treatment analysis reagents
Lovibond Tintometer Limited	Ordinary	100 %	Dormant
Lovibond Limited	Ordinary	100 %	Dormant
Tintometer India Private Limited	Ordinary	100 %	Trading of water treatment analysis reagents
Droptestkits.com Limited	Ordinary	100 %	Dormant
DTK Water Limited	Ordinary	100 %	Pays and receives rent

The registered office of subsidiaries other than Tintometer India Private Limited is Lovibond House, Sun Rise Way, Amesbury, Wiltshire, United Kingdom, SP4 7GR.

The registered office of Tintometer India Private Limited is B-91 APIE - Balanagar, Sanathnagar (PO), Hyderabad 500018, Telangana, India.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2017	1,106,501	30	1,106,531
Amounts written off	(221,266)	-	(221,266)
At 31 December 2017	885,235	30	885,265
Net book value			
At 31 December 2017	885,235	30	885,265
At 31 December 2016	1,106,501	30	1,106,531

15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	532,369	519,046	492,516	519,046
Work in progress (goods to be sold)	56,463	9,575	24,696	9,575
Finished goods and goods for resale	1,573,002	1,815,649	1,339,476	1,507,369
	<u>2,161,834</u>	<u>2,344,270</u>	<u>1,856,688</u>	<u>2,035,990</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,126,835	1,216,753	1,234,274	1,075,515
Amounts owed by group undertakings	755,269	72,677	1,298,267	801,426
Other debtors	58,096	51,929	3,531	448
Prepayments and accrued income	157,701	102,935	146,411	102,935
Tax recoverable	22,536	127,188	-	127,188
Deferred taxation	162,873	203,901	68,867	190,081
	<u>2,283,310</u>	<u>1,775,383</u>	<u>2,751,350</u>	<u>2,297,593</u>

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	281	-	281
Bank loans	252,161	836,485	220,628	800,000
Trade creditors	713,032	617,345	651,895	593,371
Amounts owed to group undertakings	1,773,605	785,343	2,384,206	1,649,552
Corporation tax	-	7,029	-	-
Other taxation and social security	116,026	130,644	116,026	111,754
Other creditors	93,473	679,157	32,014	623,228
Accruals and deferred income	158,464	182,709	155,778	75,135
	<u>3,106,761</u>	<u>3,238,993</u>	<u>3,560,547</u>	<u>3,853,321</u>

18. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	2,144,937	1,944,579	1,974,372	1,750,000
	<u>2,144,937</u>	<u>1,944,579</u>	<u>1,974,372</u>	<u>1,750,000</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Loans

Included within creditors are loan amounts falling due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Bank loans	252,161	836,485	220,628	800,000
	<u>252,161</u>	<u>836,485</u>	<u>220,628</u>	<u>800,000</u>
Amounts falling due 1-2 years				
Bank loans	339,242	293,987	315,199	270,628
	<u>339,242</u>	<u>293,987</u>	<u>315,199</u>	<u>270,628</u>
Amounts falling due 2-5 years				
Bank loans	1,091,851	798,510	1,015,623	724,333
	<u>1,091,851</u>	<u>798,510</u>	<u>1,015,623</u>	<u>724,333</u>
Amounts falling due after more than 5 years				
Bank loans	713,844	852,082	643,550	755,039
	<u>713,844</u>	<u>852,082</u>	<u>643,550</u>	<u>755,039</u>
	<u><u>2,397,098</u></u>	<u><u>2,781,064</u></u>	<u><u>2,195,000</u></u>	<u><u>2,550,000</u></u>

The bank loans are secured by way of fixed and floating charge over the assets of the Group.

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,471,718	1,445,334	1,383,011	1,248,310
Financial assets that are debt instruments measured at amortised cost	1,940,200	1,341,359	2,536,072	1,877,389
	<u>3,411,918</u>	<u>2,786,693</u>	<u>3,919,083</u>	<u>3,125,699</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(5,135,672)	(5,045,899)	(5,418,893)	(5,491,567)
	<u>(5,135,672)</u>	<u>(5,045,899)</u>	<u>(5,418,893)</u>	<u>(5,491,567)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, prepayments and intercompany balances.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and intercompany balances.

21. Deferred taxation

Group

	2017 £
At beginning of year	203,901
Credited to profit or loss	69,961
Credited to other comprehensive income	(110,989)
At end of year	<u><u>162,873</u></u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

21. Deferred taxation (continued)

Company

	2017 £
At beginning of year	190,081
Charged to profit or loss	(10,225)
Charged to other comprehensive income	(110,989)
At end of year	68,867

	Group 2017 £	Company 2017 £
Accelerated capital allowances	(138,367)	(232,373)
Pension surplus	301,240	301,240
	<u>162,873</u>	<u>68,867</u>

22. Provisions

Group

	Dilapidation provision £
At 1 January 2017	36,948
Charged to profit or loss	8,341
At 31 December 2017	45,289

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

22. Provisions (continued)

Company

	Dilapidation provision £	Total £
At 1 January 2017	30,000	30,000
At 31 December 2017	30,000	30,000

23. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
22,000 Ordinary shares of £0.50 each	11,000	11,000

24. Reserves

Share premium account

The share premium reserve represents cumulative value of excess paid for shares capital, beyond its nominal value.

Revaluation reserve

The revaluation reserve represents the cumulative value of revaluation movements from cost.

Capital redemption reserve

The capital redemption reserve represents cumulative value of shares that have been repurchased by the company.

Foreign exchange reserve

The foreign exchange represents the cumulative movements in foreign exchange.

Merger Reserve

The difference between the cost of investment and the acquired net assets at book value

Profit and loss account

The profit & loss account represents cumulative profit & losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

25. Capital commitments

At 31 December 2017 the Group and Company had capital commitments contracted for but not provided in these financial statements of £nil (2016: £87,000).

26. Pension commitments

The Group operates a Defined Benefit Pension scheme.

The Group operates a Defined Benefit Pension scheme in the UK for qualifying employees of the parent company. A full actuarial report was carried out as at 1 August 2016 and updated for FRS102 31 December 2016 and 31 December 2017. All valuations were carried out by a qualified independent actuary.

Reconciliation of present value of plan liabilities:

	2017 £	2016 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	12,940,000	11,883,000
Current service cost	16,000	20,000
Interest cost	388,000	417,000
Actuarial (gains)/losses	(156,000)	1,033,000
Benefits paid	(492,000)	(413,000)
At the end of the year	12,696,000	12,940,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

26. Pension commitments (continued)

Reconciliation of present value of plan assets

	2017 £	2016 £
At the beginning of the year	10,334,000	8,849,000
Expected return on assets	310,000	308,000
Actuarial gains/losses	497,000	1,269,000
Contributions by employer	263,000	308,000
Benefits paid	(492,000)	(413,000)
Contributions by scheme participants	12,000	13,000
At the end of the year	10,924,000	10,334,000
	2017 £	2016 £
Fair value of plan assets	10,924,000	10,334,000
Present value of plan liabilities	(12,696,000)	(12,940,000)
Net pension scheme liability	(1,772,000)	(2,606,000)

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Current service cost	16,000	20,000
Interest on obligation	(388,000)	(417,000)
Interest income on plan assets	310,000	308,000
Total	(62,000)	(89,000)
Actual return on scheme assets	807,000	1,577,000
	(807,000)	(1,577,000)

The Group expects to contribute £187k (2017: £247k) to its Defined Benefit Pension scheme in 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

26. Pension commitments (continued)

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

	2017	2016
	%	%
Discount rate at 31 December	3.0	3.0
Expected return on scheme assets at 31 December	3.0	3.5
Future pension increases	3.3	3.4
Revaluation in deferment	2.3	2.4
Mortality rates		
- for a male aged 65 now	22.1 years	22.4 years
- for a female aged 65 now	23.9 years	24.5 years

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2017	2016	2015	2014	2013
	£	£	£	£	£
Defined benefit obligation	(12,696,000)	(12,940,000)	(11,883,000)	(12,696,000)	(11,087,000)
Scheme assets	10,924,000	10,334,000	8,849,000	8,878,000	7,314,000
Deficit	(1,772,000)	(2,606,000)	(3,034,000)	(3,818,000)	(3,773,000)
Experience adjustments on scheme liabilities	(156,000)	1,033,000	812,000	(1,439,000)	202,000
Experience adjustments on scheme assets	497,000	1,269,000	(336,000)	549,000	158,000

Defined Contribution Scheme

During the year the Group paid contributions of £230,298 (2016: £217,343) in respect of its defined contribution pension scheme. At the balance sheet date there were no contributions outstanding and no prepaid contributions.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

27. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	46,293	54,981	46,293	54,981
Later than 1 year and not later than 5 years	70,684	90,511	70,684	90,511
	<u>116,977</u>	<u>145,492</u>	<u>116,977</u>	<u>145,492</u>

28. Related party transactions

The Company has taken advantage of exemption, under section 33 of FRS102, not to disclose related party transactions with wholly owned subsidiaries within the Group.

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

During the year, the Group sold to, and purchased from, Tintometer GmbH goods to the value of £469,741 (2016: £346,805) and £1,990,130 (2016: £1,522,617) respectively. At the year end, the Group owed Tintometer GmbH £1,696,870 (2016: £958,069) and was owed £399,403 (2016: £171,771).

During the year, the Group sold to, and purchased from, Tintometer Inc goods to the value of £924,846 (2016: £529,131) and £82,351 (2016: £5,572) respectively. At the year end, the Group owed Tintometer Inc £6,273 (2016: £6,866) and was owed £145,319 (2016: £72,677).

29. Controlling party

The Directors consider Tintometer GmbH to be the Company's ultimate parent company, which is incorporated in Germany and is under the control of C P Voss.