

Registered number: 00045024

THE TINTOMETER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



THE TINTOMETER LIMITED

COMPANY INFORMATION

Directors	C P Voss M Reid R E Lambourne 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 4th Floor 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 2018

Review of business

The directors are pleased to report improved group results for 2018. All of the group's key performance indicators improved year on year, with sales up 8%, operating profit up £356K to £483K and operating cashflow up £184K to £919K. The group also achieved a net profit in the year of £357K, a significantly positive improvement on the prior year net loss of £126K.

Group sales performance was 8% up on 2017 levels. This growth was widely based, with increases both from the UK company (mainly driven by increases in UK and European sales) and from the Indian subsidiary, where sales in local currency terms were up over 40% on 2017 levels, (a reflection of the local team's successes as well as a generally improved local market environment in the year).

Overall headline group operating profit performance improved significantly in the year. The UK business benefited from the improved sales volumes and from management actions undertaken to reduce costs and improve productivity. The Indian operation achieved a significant reduction in its reported loss, due to the higher sales volume. Underlying operating profit, the key internal performance metric, showed even better progress in the year, as reported administrative expenses were adversely impacted by a large (£285K) one-off loss on disposal on properties, as explained below.

The final key performance indicator for the group is operating cash flow where the group generated another strong positive cash flow in the year of £919K (2017 £735K). Good working capital control was important in achieving this increased cash generation and is evidenced by the reduction at year-end in levels of both trade debtors and group stock levels (the latter down £266K on 2017 levels; this reflected strong customer demand in late 2018 which was met from stocks on hand).

Towards the end of the year, the group's parent company agreed to loan €650K direct to the Indian company, on flexible repayment terms. These funds, which were only fully drawn down in early January 2019, will be used to help fund both the higher projected working capital requirements of this subsidiary and the costs of upgrading to new premises in Hyderabad.

From 1st August 2018, and following consultation with the affected employees, the UK company closed its final salary retirement benefit scheme to any future service accrual, and thus closed this scheme to any future benefit accrual. This step was taken to standardise and simplify the future retirement provision to the existing defined contribution schemes in operation for all its employees.

During 2018, both of the group's surplus properties were successfully sold for consideration in excess of £1.15 million. Despite the loss on disposal of £285K as noted above, the directors were satisfied that the proceeds reflected the open market value for these properties and have had a significant positive impact on the UK company's cash position at year-end.

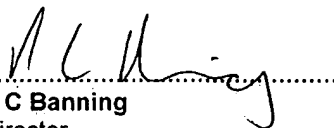
In view of the uncertainty over the UK's expected exit from the EU, the directors, as part of their contingency planning for Brexit, have retained a cash buffer. Other Brexit contingency plans include working with suppliers and customers to minimise any adverse impacts and additional stocking of inventory in the UK and by key customers in the EU (including its parent company in Germany). Once such a cash buffer is no longer deemed necessary, the directors will assess the extent of any surplus funds available to reduce the bank loans outstanding, giving full consideration to the cash requirements of the group's future growth and investment plans.

The outlook for sales in 2019 is likewise currently uncertain because of Brexit. Once this uncertainty has passed, the directors consider that the group is well placed to benefit from further organic sales growth; such growth is expected in existing markets, from planned expansion into new markets and from further growth in sales in India. Operating profit and cash generation are expected to benefit from the anticipated growth in sales.

THE TINTOMETER LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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


.....
P C Banning
Director

Date: 26 MARCH 2019

THE TINTOMETER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £357,276 (2017 - loss £126,352).

No dividends have been paid or proposed in the year.

Directors

The directors who served during the year were:

C P Voss
M Reid
R E Lambourne
M C Voss
P C Banning
C A H M Counsell (resigned 30 September 2018)

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.

THE TINTOMETER LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 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 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.

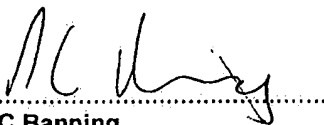
THE TINTOMETER LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Auditors

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

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



P C Banning
Director

Date: 26 MARCH 2019

INDEPENDENT AUDITOR'S 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 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the 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).

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 2018 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TINTOMETER LIMITED (CONTINUED)

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 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TINTOMETER LIMITED (CONTINUED)

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.

Use of our report

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.

Nexia Smith & Williamson

Christopher Appleton (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditor

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

Hampshire

SO15 2BG

Date: 26.3.19

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	13,765,471	12,670,833
Cost of sales		(7,629,350)	(7,349,248)
Gross profit		6,136,121	5,321,585
Administrative expenses		(5,653,156)	(5,194,986)
Operating profit		482,965	126,599
Interest receivable and similar income	8	6,517	1,112
Interest payable and expenses	9	(98,955)	(101,690)
Other finance costs	10	(53,000)	(78,000)
Profit/(loss) before taxation		337,527	(51,979)
Tax on profit/(loss)	11	19,749	(74,373)
Profit/(loss) for the financial year		357,276	(126,352)
Actuarial gains on defined benefit pension scheme		173,000	653,000
Movement of deferred tax relating to pension deficit		(30,430)	(110,989)
Foreign exchange movement		1,643	92,450
Other comprehensive income for the year		144,213	634,461
Total comprehensive income for the year		501,489	508,109

The notes on pages 18 to 42 form part of these financial statements.

THE TINTOMETER LIMITED
REGISTERED NUMBER:00045024

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

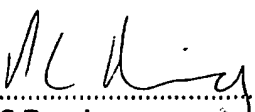
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	430,913	861,826
Tangible assets	13	5,434,652	7,127,522
Fixed asset investments	14	-	30
		<u>5,865,565</u>	<u>7,989,378</u>
Current assets			
Stocks	15	1,895,144	2,161,834
Debtors: amounts falling due within one year	16	1,869,024	2,283,310
Cash at bank and in hand		2,959,254	1,471,688
		<u>6,723,422</u>	<u>5,916,832</u>
Creditors: amounts falling due within one year	17	(2,146,280)	(3,106,761)
Net current assets		<u>4,577,142</u>	<u>2,810,071</u>
Total assets less current liabilities		<u>10,442,707</u>	<u>10,799,449</u>
Creditors: amounts falling due after more than one year	18	(1,657,995)	(2,144,937)
Provisions for liabilities			
Other provisions	22	(60,000)	(45,289)
		<u>(60,000)</u>	<u>(45,289)</u>
Net assets excluding pension liability		<u>8,724,712</u>	<u>8,609,223</u>
Pension liability	23	(1,386,000)	(1,772,000)
Net assets		<u><u>7,338,712</u></u>	<u><u>6,837,223</u></u>

THE TINTOMETER LIMITED
REGISTERED NUMBER:00045024

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	26	11,000	11,000
Share premium account	27	1,528,100	1,528,100
Revaluation reserve	27	54,003	64,287
Capital redemption reserve	27	5,750	5,750
Foreign exchange reserve	27	100,245	98,602
Profit and loss account	27	5,639,614	5,129,484
Shareholders' Funds		7,338,712	6,837,223

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


.....
P C Banning
Director

Date: 26 March 2019

The notes on pages 18 to 42 form part of these financial statements.

THE TINTOMETER LIMITED
REGISTERED NUMBER:00045024

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	430,912	861,825
Tangible assets	13	5,341,483	6,699,436
Investments	14	885,235	885,265
		<u>6,657,630</u>	<u>8,446,526</u>
Current assets			
Stocks	15	1,616,810	1,856,688
Debtors: amounts falling due within one year	16	2,003,308	2,751,350
Cash at bank and in hand		2,631,440	1,382,981
		<u>6,251,558</u>	<u>5,991,019</u>
Creditors: amounts falling due within one year	17	(2,104,658)	(3,560,547)
Net current assets		<u>4,146,900</u>	<u>2,430,472</u>
Total assets less current liabilities		<u>10,804,530</u>	<u>10,876,998</u>
Creditors: amounts falling due after more than one year	18	(1,657,995)	(1,974,372)
Provisions for liabilities			
Other provisions	22	(60,000)	(30,000)
		<u>(60,000)</u>	<u>(30,000)</u>
Net assets excluding pension liability		<u>9,086,535</u>	<u>8,872,626</u>
Pension liability	23	(1,386,000)	(1,772,000)
Net assets		<u><u>7,700,535</u></u>	<u><u>7,100,626</u></u>

THE TINTOMETER LIMITED
REGISTERED NUMBER:00045024

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	26	11,000	11,000
Share premium account	27	1,528,100	1,528,100
Revaluation reserve	27	54,003	64,287
Capital redemption reserve	27	5,750	5,750
Merger reserve	27	(275,330)	(275,330)
Profit and loss account	27	6,377,012	5,766,819
Shareholders' Funds		<u>7,700,535</u>	<u>7,100,626</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 profit after tax of the parent company for the year was £457,339 (2017 - loss £20,567).

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


.....
P C Banning
Director

Date: 26 MARCH 2019

The notes on pages 18 to 42 form part of these financial statements.

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	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
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(126,352)	(126,352)
Actuarial gains on pension scheme (net of tax)	-	-	-	-	-	542,011	542,011
Foreign exchange movement	-	-	-	-	92,450	-	92,450
Other comprehensive income for the year	-	-	-	-	92,450	542,011	634,461
At 1 January 2018	11,000	1,528,100	5,750	64,287	98,602	5,129,484	6,837,223
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	357,276	357,276
Actuarial gains on pension scheme (net of tax)	-	-	-	-	-	142,570	142,570
Foreign exchange movement	-	-	-	-	1,643	-	1,643
Other comprehensive income for the year	-	-	-	-	1,643	142,570	144,213
Transfer to/from revaluation reserve	-	-	-	(10,284)	-	10,284	-
At 31 December 2018	11,000	1,528,100	5,750	54,003	100,245	5,639,614	7,338,712

THE TINTOMETER LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	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 (net of tax)	-	-	-	-	-	542,011	542,011
Other comprehensive income for the year	-	-	-	-	-	542,011	542,011
At 1 January 2018	11,000	1,528,100	5,750	64,287	(275,330)	5,766,819	7,100,626
Profit for the year	-	-	-	-	-	457,339	457,339
Actuarial gains on pension scheme (net of tax)	-	-	-	-	-	142,570	142,570
Other comprehensive income for the year	-	-	-	-	-	142,570	142,570
Transfer to/from revaluation reserve	-	-	-	(10,284)	-	10,284	-
At 31 December 2018	11,000	1,528,100	5,750	54,003	(275,330)	6,377,012	7,700,535

THE TINTOMETER LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	357,276	(126,352)
Adjustments for:		
Amortisation of intangible assets	430,913	430,913
Depreciation of tangible assets	326,331	371,510
Loss on disposal of tangible assets	284,848	6,397
Interest paid	98,955	195,833
Interest received	(6,517)	(1,112)
Taxation (credit)/charge	(19,749)	74,373
Decrease in stocks	266,690	182,436
Decrease/(increase) in debtors	403,605	(653,607)
(Decrease)/increase in creditors	(1,027,089)	459,402
Increase in provisions	14,711	8,341
Decrease in net pension liability	(213,000)	(259,000)
Corporation tax paid	-	(46,711)
Foreign exchange	1,643	92,450
Net cash generated from operating activities	918,617	734,873
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(207,522)
Purchase of tangible fixed assets	(105,667)	-
Sale of tangible fixed assets	1,187,388	-
Interest received	6,517	1,112
Net cash from investing activities	1,088,238	(206,410)

THE TINTOMETER LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash flows from financing activities		
Repayment of loans	(420,334)	(383,966)
Interest paid	(98,955)	(117,832)
Net cash used in financing activities	(519,289)	(501,798)
Net increase in cash and cash equivalents	1,487,566	26,665
Cash and cash equivalents at beginning of year	1,471,688	1,445,023
Cash and cash equivalents at the end of year	2,959,254	1,471,688
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,959,254	1,471,688
	2,959,254	1,471,688

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

The Tintometer Limited is a private limited company incorporated by shares in England and Wales. The registered office address and registered number can be found on the Company Information page.

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 judgement in applying the Group's accounting policies (see note 3).

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 Company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows
- the exemption from disclosing key management personnel
- the exemption from disclosing the financial instrument disclosures required under FRS 102 paragraphs 11.40 to 11.48A as the information is provided with the consolidated financial statements of the group in which the entity is consolidated and the relevant disclosures are included there in.

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.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 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.

2.4 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 profit or loss 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 ten years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses or deemed cost arising from a previous revaluation. 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.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 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 profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 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.

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Derivative financial instruments are classified as other financial instruments. They are measured at fair value on initial recognition and at the end of each reporting period, with changes in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Financial instruments (continued)

an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.9 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 profit or loss.

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.

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss 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 TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 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 profit or loss 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 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 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 'other finance costs'.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 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 profit or loss 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.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, 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.

2.15 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.

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 2018

3. Judgements 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 2018 was £430,913 after amortisation of £430,913.

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 Group prepares estimates at each reporting date. The carrying value of such provisions at 31 December 2018 was £60,000.

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.

Stock provision

Certain factors could affect the realisable value of the company's stocks including customer demand and market conditions. The company considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value. At 31 December 2018, the carrying value of stock after provisions totals £1,895,144 (2017: £2,161,834).

Pensions

The pension scheme liability has been valued by an actuary in accordance with FRS 102. Key estimations applied in the valuation of the pension scheme include inflation, discount rate and mortality rates. Management consider the estimates applied by the actuary to be reasonable.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	4,672,777	4,414,747
Rest of Europe	4,450,706	3,980,326
Rest of the world	4,641,988	4,275,760
	<u>13,765,471</u>	<u>12,670,833</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	326,331	371,510
Loss on disposal of fixed asset	284,818	6,397
Amortisation of intangible assets	430,913	430,913
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	31,410	34,990
Exchange differences	31,644	51,521
Research & development	591,496	579,319
Amount of stock recognised as an expense	5,120,885	5,174,645
Operating lease expense	143,005	138,803
	<u>6,960,502</u>	<u>6,788,098</u>

6. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	3,747,670	3,516,107	3,446,352	3,474,795
Social security costs	239,838	230,337	239,838	227,933
Cost of defined contribution scheme	233,794	230,298	214,617	228,895
	<u>4,221,302</u>	<u>3,976,742</u>	<u>3,900,807</u>	<u>3,931,623</u>

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Production and service	81	83	65	73
Sales and distribution	24	21	13	13
Administration	26	33	24	26
	<u>131</u>	<u>137</u>	<u>102</u>	<u>112</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	303,443	289,988
Company contributions to defined contribution pension schemes	19,629	20,706
	<u>323,072</u>	<u>310,694</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £152,533 (2017 - £129,734).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,536 (2017 - £12,232).

8. Interest receivable

	2018 £	2017 £
Other interest receivable	<u>6,517</u>	<u>1,112</u>

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	<u>98,955</u>	<u>101,690</u>

10. Other finance costs

	2018 £	2017 £
Net interest on net defined benefit liability	(381,000)	(388,000)
Expected return on pension scheme assets	328,000	310,000
	<u>(53,000)</u>	<u>(78,000)</u>

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Taxation

	2018 £	2017 £
Corporation tax		
Adjustments in respect of previous periods	-	62,840
Total current tax	-	62,840
Deferred tax		
Origination and reversal of timing differences	(19,749)	11,533
Total deferred tax	(19,749)	11,533
Taxation on (loss)/profit on ordinary activities	(19,749)	74,373

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	337,527	(51,979)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	64,130	(10,008)
Effects of:		
Other permanent differences	-	2,310
Other tax adjustments	16,973	35,176
Adjustments to tax charge in respect of prior periods	508	62,840
Adjustment in research and development tax credit leading to a decrease in the tax charge	(108,754)	(110,165)
Expenses not deductible for tax purposes	161,296	152,378
Deferred tax movements	(153,902)	(58,158)
Total tax charge for the year	(19,749)	74,373

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted on 06 September 2017.

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Intangible assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2018	28,219	3,435,481	3,463,700
At 31 December 2018	<u>28,219</u>	<u>3,435,481</u>	<u>3,463,700</u>
Amortisation			
At 1 January 2018	28,219	2,573,655	2,601,874
Charge for the year	-	430,913	430,913
At 31 December 2018	<u>28,219</u>	<u>3,004,568</u>	<u>3,032,787</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>430,913</u>	<u>430,913</u>
<i>At 31 December 2017</i>	<u>-</u>	<u>861,826</u>	<u>861,826</u>

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Intangible assets (continued)

Company

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2018	28,219	2,467,341	2,495,560
At 31 December 2018	<u>28,219</u>	<u>2,467,341</u>	<u>2,495,560</u>
Amortisation			
At 1 January 2018	28,219	1,605,516	1,633,735
Charge for the year	-	430,913	430,913
At 31 December 2018	<u>28,219</u>	<u>2,036,429</u>	<u>2,064,648</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>430,912</u>	<u>430,912</u>
At 31 December 2017	<u>-</u>	<u>861,825</u>	<u>861,825</u>

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018	7,120,726	356,772	1,725,905	214,649	54,432	9,472,484
Additions	-	-	80,500	25,167	-	105,667
Disposals	(1,979,246)	(6,186)	(253,614)	(913)	(54,432)	(2,294,391)
At 31 December 2018	5,141,480	350,586	1,552,791	238,903	-	7,283,760
Depreciation						
At 1 January 2018	897,073	128,728	1,175,954	143,207	-	2,344,962
Charge for the year	166,509	33,950	102,227	23,645	-	326,331
Disposals	(632,641)	(5,358)	(184,186)	-	-	(822,185)
At 31 December 2018	430,941	157,320	1,093,995	166,852	-	1,849,108
Net book value						
At 31 December 2018	4,710,539	193,266	458,796	72,051	-	5,434,652
At 31 December 2017	6,223,653	228,044	549,951	71,442	54,432	7,127,522

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018	6,770,725	293,490	1,597,874	186,185	54,432	8,902,706
Additions	-	-	67,296	25,167	-	92,463
Disposals	(1,629,246)	(6,186)	(253,614)	-	(54,432)	(1,943,478)
At 31 December 2018	5,141,479	287,304	1,411,556	211,352	-	7,051,691
Depreciation						
At 1 January 2018	876,191	68,861	1,122,404	135,814	-	2,203,270
Charge for the year	166,509	30,535	91,675	19,522	-	308,241
Disposals	(611,759)	(5,358)	(184,186)	-	-	(801,303)
At 31 December 2018	430,941	94,038	1,029,893	155,336	-	1,710,208
Net book value						
At 31 December 2018	4,710,538	193,266	381,663	56,016	-	5,341,483
At 31 December 2017	5,894,534	224,629	475,470	50,371	54,432	6,699,436

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Fixed asset investments

Group

	Unlisted investments £
At 1 January 2018	30
Disposals	(30)
At 31 December 2018	<u>-</u>
At 31 December 2018	<u>-</u>
At 31 December 2017	<u><u>30</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
App-chem Limited	Ordinary	100 %	Non trading
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 Private India Limited is B-91 APIE - Balanagar, Sanathnagar (PO), Hyderabad 500018, Telangana, India.

DTK Water Limited and App-Chem Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A.

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2018	885,235	30	885,265
Disposals	-	(30)	(30)
At 31 December 2018	885,235	-	885,235
Net book value			
At 31 December 2018	885,235	-	885,235
At 31 December 2017	885,235	30	885,265

15. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	435,014	532,369	389,167	492,516
Work in progress (goods to be sold)	25,724	56,463	25,724	24,696
Finished goods and goods for resale	1,434,406	1,573,002	1,201,919	1,339,476
	1,895,144	2,161,834	1,616,810	1,856,688

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 2018**

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,301,290	1,126,835	1,172,386	1,234,274
Amounts owed by group undertakings	159,398	755,269	717,825	1,298,267
Other debtors	183,871	58,096	1,200	3,531
Prepayments and accrued income	66,717	157,701	53,711	146,411
Tax recoverable	5,556	22,536	-	-
Deferred taxation (note 21)	152,192	162,873	58,186	68,867
	1,869,024	2,283,310	2,003,308	2,751,350

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	318,769	252,161	316,377	220,628
Trade creditors	507,339	713,032	506,640	651,895
Amounts owed to group undertakings	827,519	1,773,605	858,562	2,384,206
Other taxation and social security	117,426	116,026	117,426	116,026
Other creditors	109,998	93,473	43,863	32,014
Accruals and deferred income	265,229	158,464	261,790	155,778
	2,146,280	3,106,761	2,104,658	3,560,547

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	1,657,995	2,144,937	1,657,995	1,974,372
	1,657,995	2,144,937	1,657,995	1,974,372

THE TINTOMETER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Loans

Included within creditors are loan amounts falling due as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Amounts falling due within one year				
Bank loans	318,769	252,161	316,377	220,628
Amounts falling due 1-2 years				
Bank loans	327,127	339,242	327,127	315,199
Amounts falling due 2-5 years				
Bank loans	1,050,920	1,091,851	1,050,920	1,015,623
Amounts falling due after more than 5 years				
Bank loans	279,948	713,844	279,948	643,550
	<u>1,976,764</u>	<u>2,397,098</u>	<u>1,974,372</u>	<u>2,195,000</u>

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

20. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>
Financial assets		
Financial assets that are debt instruments measured at amortised cost (including cash)	<u>4,603,813</u>	<u>3,411,918</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,686,849)</u>	<u>(5,135,672)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and intercompany balances.

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

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	162,873	203,901
Credited to profit or loss	19,749	69,961
Charged to other comprehensive income	(30,430)	(110,989)
At end of year	152,192	162,873

Company

	2018 £	2017 £
At beginning of year	68,867	190,081
Credited to profit or loss	19,749	(10,225)
Charged to other comprehensive income	(30,430)	(110,989)
At end of year	58,186	68,867

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(236,084)	(241,626)	(236,084)	(241,626)
Pension deficit	235,620	301,240	235,620	301,240
Losses	152,656	103,259	58,650	9,253
	152,192	162,873	58,186	68,867

THE TINTOMETER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

22. Provisions

Group

	Dilapidation provision £
At 1 January 2018	45,289
Charged to profit or loss	14,711
At 31 December 2018	60,000

Company

	Dilapidation provision £	Total £
At 1 January 2018	30,000	30,000
Charged to profit or loss	30,000	30,000
At 31 December 2018	60,000	60,000

The provision for property dilapidations represents the expected obligation to return the properties held under leases to a specified condition.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Group operates a Defined Benefit Pension scheme in the UK for qualifying employees of the parent company which closed on 31 July 2018. A full actuarial report was carried out as at 1 August 2016 and updated for FRS102 31 December 2017 and 31 December 2018. All valuations were carried out by a qualified independent actuary.

Reconciliation of present value of plan liabilities:

	2018 £	2017 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	12,696,000	12,940,000
Current service cost	9,000	16,000
Interest cost	381,000	388,000
Actuarial losses	(820,000)	(156,000)
Benefits paid	(774,000)	(492,000)
At the end of the year	11,492,000	12,696,000

Reconciliation of present value of plan assets:

	2018 £	2017 £
At the beginning of the year	10,924,000	10,334,000
Expected return on assets	328,000	310,000
Actuarial gains/losses	(641,000)	497,000
Contributions by employer	263,000	263,000
Benefits paid	(774,000)	(492,000)
Contributions by scheme participants	6,000	12,000
At the end of the year	10,106,000	10,924,000
	2018 £	2017 £
Fair value of plan assets	10,106,000	10,924,000
Present value of plan liabilities	(11,492,000)	(12,696,000)
Net pension scheme liability	(1,386,000)	(1,772,000)

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23. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2018 £	2017 £
Current service cost	9,000	16,000
Interest on obligation	381,000	388,000
Interest income on plan assets	(328,000)	(310,000)
Total	62,000	94,000
Actual return on scheme assets	(313,000)	807,000
	313,000	(807,000)

The Group expects to contribute £220k (2018: £187k) to its Defined Benefit Pension scheme in 2019.

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23. Pension commitments (continued)

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

	2018	2017
	%	%
Discount rate at 31 December	3.3	3.0
Expected return on scheme assets at 31 December	3.0	3.0
Future pension increases	3.4	3.3
Revaluation in deferment	2.4	2.3
Mortality rates		
- for a male aged 65 now	21.9 years	22.1 years
- for a female aged 65 now	23.8 years	23.9 years

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

Defined benefit pension schemes

	2018	2017	2016	2015	2014
	£	£	£	£	£
Defined benefit obligation	(11,492,000)	(12,696,000)	(12,940,000)	(11,883,000)	(12,696,000)
Scheme assets	10,106,000	10,924,000	10,334,000	8,849,000	8,878,000
Surplus	<u>(1,386,000)</u>	<u>(1,772,000)</u>	<u>(2,606,000)</u>	<u>(3,034,000)</u>	<u>(3,818,000)</u>
Experience adjustments on scheme liabilities	(814,000)	(156,000)	1,033,000	812,000	(1,439,000)
Experience adjustments on scheme assets	<u>(641,000)</u>	<u>497,000</u>	<u>1,269,000</u>	<u>(336,000)</u>	<u>549,000</u>

Defined Contribution Scheme

During the year the Group paid contributions of £233,794 (2017: £230,298) in respect of its defined contribution pension scheme. At the balance sheet date there were no contributions outstanding and no prepaid contributions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

24. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Not later than 1 year	143,455	<i>106,313</i>	36,314	<i>47,173</i>
Later than 1 year and not later than 5 years	215,561	<i>181,014</i>	38,276	<i>70,684</i>
	<u>359,016</u>	<i><u>287,327</u></i>	<u>74,590</u>	<i><u>117,857</u></i>

25. Other financial commitments

The Company uses foreign forward exchange contracts to mitigate its foreign exchange risk. At the year end the Company was committed to buy €370,001 at a rate of £1 = €0.8979. No adjustment has been made in respect of these contracts on the grounds of materiality.

26. Share capital

	2018 £	<i>2017 £</i>
Allotted, called up and fully paid		
22,000 Ordinary shares of £0.50 each	<u>11,000</u>	<i><u>11,000</u></i>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

27. Reserves

Share premium account

The share premium reserve represents cumulative value of excess paid for share 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.

28. Related party transactions

In line with the requirements of FRS 102 the Company is not required to disclose transactions with group companies on the grounds that these companies are wholly owned within the group.

Key management personnel remuneration totalled £569,919 for 8 individuals (2017: £401,873 for 7 individuals).

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. Group financial statements for Tintometer GmbH are available from Tintometer GmbH, Schleefstrasse 8, 44287 Dortmund.