

Company Registration No. 887600

Tridonic UK Limited

Report and Financial Statements

30 April 2012



Tridonic UK Limited

Report and financial statements 2012

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Tridonic UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2012

Principal activities

The principal activity during the year was the manufacture and supply of components for light fittings

Business review

The directors expect that the ongoing public sector cutbacks will continue to hinder the industry through the first half of the next financial year. However due to new finance models from both the government and private sectors there is an expectation that energy saving projects will be reinvigorated in the second half of the year.

As the market and its technologies continue to change rapidly continued investment in research and development is seen as necessary for future success and new products will be introduced into the market over the coming period and beyond.

The company continues to invest in people, both in their development and well being.

There are no significant changes expected in the company's field of operations.

Key performance indicators (KPIs) for the business in current and preceding years are

	2012	2011
Turnover	£65,919,838	£73,778,693
<i>Percentage (decrease)/increase from prior year</i>	<i>(10.7)%</i>	<i>23.7%</i>
Gross profit	£5,285,922	£7,171,298
<i>Gross profit as a percentage of turnover</i>	<i>8.0%</i>	<i>9.7%</i>
Inventories	£8,944,880	£9,718,271
Trade receivables from third parties	£5,662,267	£6,381,462
Trade payables to third parties	£(3,465,111)	£(3,369,816)
Working capital	£11,142,036	12,729,917
<i>Working capital as a percentage of turnover</i>	<i>16.9%</i>	<i>17.3%</i>

The directors do not consider that there are appropriate non financial KPIs relevant to the understanding of the business and therefore none are disclosed.

There have been no significant events since the balance sheet date.

Financial risk management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk relate to interest rates, currency, credit, liquidity, cash flow and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. The first two risks are mitigated by the nature of the debtor balances owed, who are able to repay if required and the debtor insurance policy currently in place. The currency risk is mitigated by the use of forward exchange contracts (see note 19).

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Directors' report (continued)

Results and dividends

The company's profit for the year after taxation amounted to £1,099 657 (2011 £2,475,125)

Dividends paid during the year comprise an interim dividend in respect of the year ended 30 April 2012 of £2 400 000. The directors do not recommend the payment of a final dividend.

Policy and practice on payment of creditors

The company's policy is to agree terms and conditions with suppliers in advance, including terms of payment, and to abide by the payment terms subject to the terms and conditions being met by the supplier. The trade creditor days ratio for the company is 21 days (2011 18 days).

Directors

The directors who held office during the year were as follows:

D G Hawes	(Resigned 30th November 2011)
G A Brydon	
R Kofahl	(Resigned 31st January 2012)
N Webster	(Appointed 1st June 2011)
P Novak	(Appointed 31st January 2012)

Political and charitable contributions

During the year the company made charitable donations of £920 (2011 £385), principally to local charities serving the communities in which the company operates. The company made no political donations or incurred any political expenditure during the year (2011 £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to ensure that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



N F J Dew
Company Secretary

17 July 2012

Tridonic UK Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Tridonic UK Limited

We have audited the financial statements of Tridonic UK Limited for the year ended 30 April 2012 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

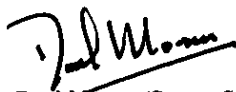
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

17 July 2012

Tridonic UK Limited

Profit and loss account for the year ended 30 April 2012

	Notes	2012 £	2011 £
Turnover	1, 2	65,919,838	73,778,693
Cost of sales		(60,633,916)	(66,607,395)
Gross profit		5,285,922	7,171,298
Distribution costs		(670,610)	(717,561)
Administrative expenses		(2,899,535)	(2,857,949)
Other operating income		83,080	23,522
Operating profit		1,798,857	3,619,310
Interest receivable	5	808	3,402
Interest payable	6	(96,313)	(81,003)
Profit on ordinary activities before taxation	7	1,703,352	3,541,709
Tax on profit on ordinary activities	8	(603,695)	(1,066,584)
Profit for the financial year	15	1,099,657	2,475,125

All amounts relate to continuing activities

There are no recognised gains or losses in either year other than the profit for the current and prior years

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical costs basis

Tridonic UK Limited

Balance sheet at 30 April 2012

	<i>Note</i>	2012 £	2011 £
Fixed assets			
Tangible assets	10	4,658,570	5,055,715
		<u>4,658,570</u>	<u>5,055,715</u>
Current assets			
Stocks	11	8,944,880	9,718,271
Debtors	12	8,549,234	10,283,517
Cash at bank and in hand		2,327,892	1,717,838
		<u>19,822,006</u>	<u>21,719,626</u>
Creditors amounts falling due within one year	13	(13,078,918)	(14,043,925)
Net current assets		<u>6,743,088</u>	<u>7,675,701</u>
Net assets		<u>11,401,658</u>	<u>12,731,416</u>
Capital and reserves			
Called up share capital	14	8,789,000	8,789,000
Profit and loss account	15	2,612,658	3,942,416
Shareholders' funds	16	<u>11,401,658</u>	<u>12,731,416</u>

These financial statements were approved by the Board of Directors on **17** July 2012

Signed on behalf of the Board of Directors



N Webster
Director

Company Registration Number 887600

Tridonic UK Limited

Notes to the financial statements

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been applied consistently in the current and prior year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption from the requirement of FRS 1 to present a cash flow statement because it is a wholly owned subsidiary of Zumtobel AG which prepares consolidated financial statements including a cash flow which are publicly available.

Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned group companies.

Going concern

Further information on the company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The company has net assets of £11.4 million at the year end and recorded a profit for the year of £1.1 million. The company meets its day to day working capital requirements through its positive cash balances and has no external debts.

The directors therefore have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they believe that it remains appropriate to prepare the financial statements on a going concern basis.

Tangible fixed assets

Tangible fixed assets, which are held at cost less accumulated depreciation and provision for any impairment, are depreciated over their expected economic useful lives, taking account of estimated residual values, on a straight-line basis at the following annual rates:

Building improvements	-	5%
Computer equipment	-	25% - 50%
Plant and machinery	-	10% - 20%
Fixtures and fittings	-	20%

Stocks

Stocks are stated at the lower of cost and net realisable value after making appropriate allowances for any obsolete or slow-moving items. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

Tridonic UK Limited

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translations

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the 1st of each month. Monetary assets and liabilities in foreign currency are translated into Sterling at the rate of exchange ruling at the year end. Profit and losses arising on foreign currency translation are dealt with in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Turnover

Turnover comprises the value of invoiced sales (excluding value added tax) for products and services provided in the normal course of business. Turnover is recognised on delivery of products.

Dividends

Dividends are only recognised as a liability at the year end to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Pension costs

The company participates in the Thorn Lighting Pension Fund operated by Thorn Lighting Limited a fellow group company. The scheme, which closed to future accrual on 30th April 2009, is a group defined benefit scheme and it is not possible to estimate the pension obligation for which a particular group company is responsible. Full details of the pension scheme can be found in the accounts of Thorn Lighting Limited. The Scheme having closed to future accrual on 30th April 2009 was replaced by a stakeholder defined contribution scheme and pension fund payments to this scheme are charged to the profit and loss account as they are incurred.

The company also contributes to defined contribution pension plans for certain employees. These pension fund payments are charged to the profit and loss account as they are incurred.

Classification of financial instruments issued by the company

The financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

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Notes to the financial statements

1 Accounting policies (continued)

Share based payments

Where the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share-based payments as equity-settled. The fair value of employee services received in exchange for grant of the options is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

2 Turnover

The turnover arose from a single class of business carried out within the United Kingdom.

3 Staff numbers and costs

	2012 £	2011 £
Wages and salaries	4,710,589	4,520,729
Social security costs	497,033	432,310
Pension costs (note 18)	153,613	142,552
Share based payments (note 20)	(29,415)	10,139
	<u>5,331,820</u>	<u>5,105,730</u>

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

	2012 No	2011 No
Warehouse	5	6
Selling	9	10
Production	102	86
Development	38	37
Administration/technical	15	14
Finance	5	5
	<u>174</u>	<u>158</u>

4 Directors' remuneration

	2012 £	2011 £
Emoluments	337,119	223,696
Pension contributions	28,406	27,991
	<u>365,525</u>	<u>251,687</u>
Attributable to the highest paid director		
Emoluments	208,512	223,696
Pension contributions	9,457	13,826
	<u>217,969</u>	<u>237,522</u>

Retirement benefits are accruing to two directors (2011: none) under personal money purchase schemes.

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Notes to the financial statements

5 Interest receivable

	2012	2011
	£	£
Bank interest receivable	393	426
Interest receivable from group undertakings	415	2,976
	<u>808</u>	<u>3,402</u>

6 Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	75,034	79,751
Interest payable to group undertakings	21,279	1,252
	<u>96,313</u>	<u>81,003</u>

7 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2012	2011
	£	£
Auditor's remuneration		
- audit of these financial statements	17,914	20,181
- other services pursuant to such legislation	2,847	4,690
Depreciation of tangible fixed assets		
- owned	978,458	852,072
Operating lease rentals		
- equipment	71,983	75,445
- buildings	301,000	286,125
Research & development expenditure	2,529,111	2,575,352
(Profit)/loss on disposal of tangible fixed assets	(39)	810

Tridonic UK Limited

Notes to the financial statements

8 Taxation

Analysis of charge in period

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax - group relief received	718,000	1,300,000
<i>Deferred tax (note 21)</i>		
- Origination and reversal of timing differences	(214,353)	(226,614)
- Effect of reduced tax rate	80,606	49,483
- Adjustments in respect of prior years	19,442	(56,285)
Total deferred tax	(114,305)	(233,416)
Total tax on profit on ordinary activities	603,695	1,066,584

For the year ended 30 April 2012, the company was subject to UK corporation tax at a rate of 26% during the 11 months to 31 March 2012 and 24% from 1 April 2012 to 30 April 2012, giving an average rate for the year of 25.83% (2011 27.83%)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate of corporation tax in the UK, 25.83% (2011 27.83%). The differences are explained below

	2012 £	2011 £
<i>Reconciliation of tax charge on ordinary activities</i>		
Profit on ordinary activities before tax	1,703,352	3,541,709
Current tax at 25.83% (2011 27.83%)	439,976	985,776
<i>Effects of</i>		
Expenses not deductible for tax purposes	63,671	74,861
Excess of depreciation over capital allowances	251,846	227,241
Other timing differences	(37,493)	12,122
Group relief claim	718,000	1,300,000
Payment for group relief	(718,000)	(1,300,000)
Current tax charge for year	718,000	1,300,000

Factors that may affect future current and total tax charges

In March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on the deferred tax balances as at 30 April 2012 has been included in the figures above.

The Chancellor has also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 24% to 22%, if these applied to the deferred tax balances at 30 April 2012, would be to further reduce the deferred tax asset by approximately £82,017.

Tridonic UK Limited

Notes to the financial statements

9 Dividends

	2012 £	2011 £
Interim dividends paid in respect of the current year	<u>2,400,000</u>	<u>3,200,000</u>

10 Tangible fixed assets

	Plant and machinery £	Building fit out £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 May 2011	7,601,006	1,700,000	215,302	21,727	9,538,035
Additions	552,547	-	10,892	26,636	590,075
Disposals	(31,353)	-	(5,168)	(4,299)	(40,820)
At 30 April 2012	<u>8,122,200</u>	<u>1,700,000</u>	<u>221,026</u>	<u>44,064</u>	<u>10,087,290</u>
Depreciation					
At 1 May 2011	4,112,755	206,478	144,699	18,388	4,482,320
Charge for the year	865,083	82,591	25,408	5,376	978,458
Disposals	(22,591)	-	(5,168)	(4,299)	(32,058)
At 30 April 2012	<u>4,955,247</u>	<u>289,069</u>	<u>164,939</u>	<u>19,465</u>	<u>5,428,720</u>
Net book value					
At 30 April 2012	<u>3,166,953</u>	<u>1,410,931</u>	<u>56,087</u>	<u>24,599</u>	<u>4,658,570</u>
At 30 April 2011	<u>3,488,251</u>	<u>1,493,522</u>	<u>70,603</u>	<u>3,339</u>	<u>5,055,715</u>

The net book value of plant and machinery held under hire purchase and finance lease contracts is £nil (2011 £nil)

11 Stocks

	2012 £	2011 £
Raw materials	3,403,997	2,669,114
Finished goods and stock held for resale	<u>5,540,883</u>	<u>7,049,157</u>
	<u>8,944,880</u>	<u>9,718,271</u>

There is no material difference between the balance sheet value of stocks and their replacement costs

Tridonic UK Limited

Notes to the financial statements

12 Debtors

	2012 £	2011 £
Trade debtors	5,662,267	6,381,462
Amounts owed by group undertakings	1,664,489	2,746,211
Other debtors	88,973	106,387
Deferred taxation (see note 21)	984,201	869,896
Prepayments and accrued income	149,304	179,561
	<u>8,549,234</u>	<u>10,283,517</u>

13 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	3,465,111	3,369,816
Amounts due to group undertakings	6,441,393	6,526,309
Other taxation and social security	1,632,273	2,106,128
Other creditors	836,663	1,209,282
Accruals and deferred income	703,478	832,390
	<u>13,078,918</u>	<u>14,043,925</u>

14 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
Redeemable deferred ordinary shares of £1 each	10,000,000	10,000,000
	<u>11,000,000</u>	<u>11,000,000</u>
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each	954,000	954,000
Redeemable deferred ordinary shares of £1 each	7,835,000	7,835,000
	<u>8,789,000</u>	<u>8,789,000</u>

The redeemable deferred ordinary shares rank *pari passu* with the ordinary shares in all respects and may be redeemed at par at any time by the company giving three months notice to the shareholder

Tridonic UK Limited

Notes to the financial statements

15. Reserves – profit and loss account

	2012 £	2011 £
Profit for the financial year	1,099,657	2,475,125
(Credit)/charge in relation to share based payments	(29,415)	10,139
Dividends on shares classified in shareholders' funds	(2,400,000)	(3,200,000)
Net reduction in reserves	(1,329,758)	(714,736)
Opening reserves	3,942,416	4,657,152
Closing reserves	2,612,658	3,942,416

16 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,099,657	2,475,125
Dividends on shares classified in shareholders' funds	(2,400,000)	(3,200,000)
Retained loss	(1,300,343)	(724,875)
(Credit)/charge in relation to share based payments	(29,415)	10,139
Net reduction in shareholders' funds	(1,329,758)	(714,736)
Opening shareholders' funds	12,731,416	13,446,152
Closing shareholders' funds	11,401,658	12,731,416

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 £	2011 £
Buildings		
Expiring within one year	73,617	-
Expiring between two and five years	-	79,000
Expiring over five years	211,000	211,000
Other		
Expiring within one year	3,584	18,369
Expiring between two and five years	30,577	28,429
Expiring over five years	-	-

Tridonic UK Limited

Notes to the financial statements

18 Pensions

The company participates in the Thorn Lighting Pension Fund operated by Thorn Lighting Limited a fellow group company. The scheme is a group defined benefit scheme which closed to future accrual on 30 April 2009 and it is not possible to estimate the pension obligation for which a particular group company is responsible. Full details of the pension scheme can be found in the accounts of Thorn Lighting Limited.

UK pensions costs are determined with the advice of independent qualified actuaries on the basis of a valuation using the projected unit credit method and the pension charge represents the annual regular cost of providing pension benefits to current employees. The most recent actuarial valuation of the Thorn Lighting Pension Fund was conducted at 31 March 2009.

Following closure to future accrual contributions have been made to the replacement stakeholder scheme. Contributions in the year amounted to £87,282 (2011 £83,973). In addition the company contributes to defined pension contribution plans for certain employees. Contributions for the year ended 30 April 2012 amounted to £66,331 (2011 £58,579).

In accordance with FRS 17, the company will account for its contributions to the schemes as if it were a defined contribution scheme because it is not possible to identify the company's share of net assets and liabilities in the defined benefits scheme on a consistent and reasonable basis. The latest valuation of the scheme shows a deficit of £33,112,000 (2011 £27,191,000).

19 Financial instruments

At 30 April 2012 the company had open forward exchange contracts totalling £9,181,949 (2011 £23,384,714). The fair value of these contracts at 30 April 2012 was a liability of £3,062 (2011 £811,350 asset). These fair values have not been included in these financial statements as the company has not adopted the fair value measurement rules available as an option under UK GAAP.

20 Share Option Schemes

The Zumtobel Group has a share-based compensation programme for key managers, the Matching Stock Programme (MSP) up to 30 April 2012. In 2012/13 this programme will be replaced by a cash based long-term incentive programme. A stock option programme (SOP) was also in effect up to 2008. These share options are over the shares of Zumtobel AG, the ultimate parent entity.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity.

SOP (Stock Option Programme)

The Zumtobel Group had a share-based compensation programme from 2004 to 2008, the Stock Option Programme (SOP), which was replaced by the MSP in 2008. Options are no longer granted under the SOP, but the exercise period is open until 2015. This exercise period contains a number of exercise slots, whereby the company has reserved the right to close the exercise periods prematurely. Each option carries the right to purchase one share at a fixed price.

MSP

The MSP was introduced in connection with the initial public offering of Zumtobel AG on 1 May 2006. In order to participate in the MSP, an eligible manager must deposit a certain number of shares (MSP shares) in blocked deposit; these shares represent the individual investment. The MSP is divided into three individual programmes (MSP I, MSP II, MSP III), whereby each individual programme is subdivided into five segments. The term of each programme equals seven years beginning on the starting date, while the terms of the individual segments equal two years.

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Notes to the financial statements

20 Share Option Schemes (continued)

MSP (continued)

Each segment granted to the key managers comprises eight-times the number of shares invested in the respective programme. This multiplied value is credited to a bank account opened for the participants in the form of so-called phantom shares, and a base price (60-day average share price on the date of granting + 10%) is assigned. The options are granted at the beginning of the financial year. They are exercised automatically two years after granting, whereby the base price of the segment is compared with the 60-day average share price (strike price) on the exercise date. The difference multiplied by the number of phantom shares represents the MSP gross profit. This profit is used to purchase shares at the strike price, which are credited to the managers. If the increase in value is less than or equals zero, no shares are granted. The manager may dispose freely over the shares after a waiting period of two years.

The SOP and MSP options are not transferrable. There is no retention period for shares purchased with SOP options, but a retention period of two years under the MSP.

Share options at 30 April 2012

	Number 2012	Number 2011	2012 £	2011 £
SOP	-	3,872	42,979	57,140
MSP	-	6,272	-	15,254

The options are valued in accordance with the Black-Scholes model. The major parameters are as follows:

- Market price per share: EUR 24.30 (2010/11: EUR 14.13)
- Exercise price SOP: EUR 7.50 for eligible participants FY 03/04, EUR 11.55 and 14.22 FY 04/05, EUR 16.60 FY 05/06 and FY 06/07
- Base price MSP: EUR 25.39 (2010/11: EUR 17.41)
- Expected volatility: 36.40% (2010/11: 54.06%) per year
- Term: SOP up to 30 April 2015
- Risk-free interest rate: 2.359% per year (2010/11: 1.417% per year)

The expected volatility is based on the basis of the historical volatility over the past two years.

No MSP options were waived during the year.

The total credit recognised during the year in relation to share based payments was £29,415 (2011: £10,139 expense).

21 Deferred tax asset

	Accelerated capital allowances £	Pension costs £	Other timing differences £	Total £
At 1 May 2011	808,238	1,816	59,842	869,896
Origination and reversal of timing differences	251,846	28	(37,521)	214,353
Effect of reduced tax rate	(78,519)	(142)	(1,945)	(80,606)
Adjustment in respect of prior years	(19,442)	-	-	(19,442)
At 30 April 2012	962,123	1,702	20,376	984,201

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Notes to the financial statements

22 Parent and controlling undertaking

The immediate parent and controlling undertaking is Tridonic Holding GmbH, a company incorporated in Austria

The ultimate parent and controlling undertaking of the largest and smallest group for which consolidated financial statements are prepared, is Zumtobel AG, a company incorporated in Austria. A copy of these financial statements can be obtained from Zumtobel AG, Hochsterstrasse 8, A6850 Dornbirn, Austria.

As permitted by FRS 8 Related party disclosures, these financial statements do not disclose transactions with the parent undertaking and fellow subsidiaries where 100% of the voting rights are controlled within the group.