

HUBER + SUHNER (UK) LIMITED

Registered Number: 902205

Annual report and financial statements

for the year ended 31 December 2011

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**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activities continues to be that of importing, manufacturing and selling electrical and optical connectivity components and accessories related to the three key markets of Transportation, Communications and Industrial. This is coupled with our increasing level of "Value Add" and systems solutions to effectively differentiate us from the traditional competitors in the UK market.

The turnover for 2011 was up 36.6% relative to the prior year and gross margins increased to 22.1% (2010 16.4%). Third Party sales increased by 38.3% to £28,086,000 in 2011 (2010 £20,306,000) and inter-group sales decreased to £560,000 in 2011 (2010 £660,000). Additionally, the net profit before taxation rose to 9.0% (2010 1.8%). Overall, this is another excellent result considering the difficult economic trading conditions.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,869,000 (2010 £269,000). A dividend payment of £1,000,000 was made in 2011 relating to prior years profits (2010 £1,700,000).

STRATEGY

The company is a part of the Huber+Suhner group whose main objectives are to focus on the 3 x 3 strategy of supplying our 3 core technologies - Fibre Optics, Cable and Radio Frequency into our 3 key markets of Communication, Transportation and Industrial and to introduce new innovative products that assist growth in those markets and in our core technologies.

In the UK the company supports the group strategy by operating in the same markets and introducing, promoting and selling the new products and services in the country. The UK has continued to successfully position itself to offer greater total solution packages to all strategic markets thereby differentiating itself from traditional component competitors.

RESEARCH AND DEVELOPMENT

New product research and development is only carried out by our parent company. The Huber+Suhner group is committed to introducing new products and continues to invest in research and development.

FUTURE OUTLOOK

We expect conditions in all our markets to be tough in 2012. Transportation is expected to decline by 40% in 2012 due to the lack of new rolling stock builds by the UK's main train builder. The Communications market is expected to grow by around 8% and the Industrial market about 2%. Competition remains very tough with weak sterling, low interest rates and high inflation having an effect. Planned central government cuts may also affect growth in the Defence part of our business. The UK economy is in one of the most uncertain states in modern times with growth projection for 2012 ranging from flat to +1.2%.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company relate to the UK economic situation as well as changes in product technology and the negative fluctuation in the key exchange rates versus sterling. The government awards of major new rolling stock contracts to offshore suppliers will have an effect on our longer term position in the Transportation market.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

FINANCIAL RISK MANAGEMENT POLICY

In the ordinary course of business, the company is exposed to a variety of financial risks that include price risk, credit risk, exchange rate risk and liquidity risk. Company management monitors these risks regularly and makes every effort to minimise negative influences on the company's financial results.

Price risk

The company monitors the market prices and takes action to adjust prices where there are movements in commodity prices. Large material purchases are selectively hedged by the parent company at a group level.

Credit risk

The credit risk for sales debtors from trading is limited by the market spread of customers. In addition, this risk is reduced by regular checks of creditworthiness, withdrawing credit for slow payers and requesting cash with the order.

Exchange rate risk

The company is exposed directly to two currencies, the Euro and the US Dollar, from sales to customers and a limited amount of local purchases. The risk is minimised by including currency fluctuation clauses in some contracts. The parent company uses foreign exchange forward contracts and options to control foreign currency risks for incoming and outgoing payments at a group level.

Liquidity risk

Where necessary the company negotiates local facilities with UK financial institutions. In addition, the group will give liquidity support if required.

KEY PERFORMANCE INDICATORS ("KPIs")

Key Performance Indicators are in place covering everything from efficiency and productivity to quote conversion, sales and orders and local and consolidated profit. KPI's are a fundamental part of the corporations' Global Management System (GMS).

DIRECTORS

The directors, who served throughout the year and up to the date of signing the financial statements, are as follows:

P Harris
U Kaufmann
I Wechsler

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements and accounting 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,
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' INDEMNITIES

The parent company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



P Harris
Director

31 May 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBER+SUHNER (UK) LIMITED

We have audited the financial statements of Huber + Suhner (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

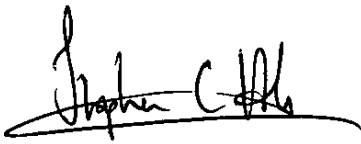
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HUBER+SUHNER (UK) LIMITED (continued)**

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

A handwritten signature in black ink, appearing to read 'Stephen Hale', with a horizontal line drawn underneath it.

Stephen Hale (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
31 May 2012

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
TURNOVER	3	28,646	20,966
Cost of sales		(22,320)	(15,859)
Exceptional cost of sales	4	-	(1,661)
Total cost of sales		(22,320)	(17,520)
GROSS PROFIT		6,326	3,446
Distribution costs		(551)	(385)
Administrative expenses		(3,209)	(2,698)
		(3,760)	(3,083)
OPERATING PROFIT	4	2,566	363
Interest payable and similar charges	7	(7)	-
Interest receivable and similar income	8	8	13
		1	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,567	376
Tax on profit on ordinary activities	9	(698)	(107)
PROFIT FOR THE FINANCIAL YEAR	18	1,869	269

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

All operations relate to continuing activities

REGISTERED NUMBER: 902205

BALANCE SHEET
as at 31 December 2011

	Notes	2011 £000	2010 £000
FIXED ASSETS			
Tangible assets	12	<u>1,809</u>	<u>1,798</u>
CURRENT ASSETS			
Stocks	13	2,830	3,711
Debtors	14	3,842	4,622
Cash at bank and in hand		2,975	1,531
		<u>9,647</u>	<u>9,864</u>
CREDITORS: amounts falling due within one year	15	<u>(3,750)</u>	<u>(3,760)</u>
NET CURRENT ASSETS		5,897	6,104
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,706</u>	<u>7,902</u>
PROVISIONS FOR LIABILITIES	16	<u>(64)</u>	<u>(1,129)</u>
NET ASSETS		<u>7,642</u>	<u>6,773</u>
CAPITAL AND RESERVES			
Called up share capital	17	4,000	4,000
Profit and loss account	18	3,642	2,773
TOTAL SHAREHOLDERS' FUNDS	19	<u>7,642</u>	<u>6,773</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 31 May 2012 and were signed on its behalf by



P Harris
Director

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied on a consistent basis, are set out below.

Turnover

Turnover, which is stated net of value added tax, represents the invoiced value of goods and services supplied. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is usually on despatch of goods and on completion of services.

Long term contracts

Turnover and a prudent estimate of the profit attributable to work completed on long term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty, which is normally based on sign-offs received from the customer. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses are shown in stocks as long term contract balances. Long term contract costs incurred but yet to be received are shown in accruals. Foreseeable losses are recognised in full, and to the extent they exceed costs incurred to date are included within provisions.

Provisions policy

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Tangible fixed assets and depreciation

Fixed assets are valued at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	2%
Plant and equipment	-	10% - 20%
Motor vehicles	-	25%
Computer equipment	-	33%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision has been made, if necessary, for slow moving, obsolete and defective stock.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011 (continued)

1 ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Leasing

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

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Huber+Suhner AG and is included in the consolidated financial statements of Huber+Suhner AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures" and has not disclosed details of transactions with other undertakings included within the published financial statements of Huber+Suhner AG, the ultimate parent undertaking.

3 TURNOVER

An analysis of turnover by destination is as follows

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
United Kingdom	27,670	20,107
Switzerland	92	31
Rest of the World	884	828
	<u>28,646</u>	<u>20,966</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011 (continued)

3 TURNOVER (continued)

An analysis of turnover by the three core technologies is as follows

	2011 £000	2010 £000
Radio Frequency	6,712	5,773
Fibre Optics	7,524	6,633
Cable	14,410	8,560
	<u>28,646</u>	<u>20,966</u>

A financial analysis by market segment (i.e. Transportation, Communications and Industrial) is not performed

4 OPERATING PROFIT

	2011 £000	2010 £000
This is stated after charging/(crediting)		
Services provided by the company's auditor		
-Fees payable for the audit	32	30
Depreciation of owned tangible fixed assets (Note 12)	198	190
Exchange loss/(gain)	2	(11)
Operating lease charges - plant and machinery	7	7
- other	122	96
Exceptional item - one off contract loss	<u>-</u>	<u>1,661</u>

During 2010, a one off loss of £1,661,000 was recorded on a major Rolling Stock Systems Project. The loss included a provision of £1,098,000 for net future contract losses that were utilised in 2011 (note 16)

5 DIRECTORS' EMOLUMENTS

There were no directors' emoluments paid during the year in respect of their services to the company, as these are borne by the parent undertaking (2010: £nil)

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2011 (continued)**

6 STAFF COSTS

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	5,037	4,442
Social security costs	374	345
Other pension costs (Note 21)	120	111
	<u>5,531</u>	<u>4,898</u>

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

	<i>2011</i>	<i>2010</i>
	<i>Number</i>	<i>Number</i>
Manufacturing	93	86
Office and management	64	59
	<u>157</u>	<u>145</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Interest charged by parent company	<u>7</u>	<u>-</u>

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Bank interest received	7	13
Other interest received	1	-
	<u>8</u>	<u>13</u>

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Current tax		
UK corporation tax on profits for the year	<u>665</u>	<u>76</u>
Total current tax (Note 10)	665	76
Deferred tax		
Deferred tax liability – charge for the year (Note 16)	<u>33</u>	<u>31</u>
Total deferred tax	33	31
Tax on profit on ordinary activities	<u>698</u>	<u>107</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011 (continued)

9 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting current and future tax charges

A reduction to the UK corporation tax rate from 28% to 26% was announced in the March 2011 budget, to take effect from 1 April 2011

The 2012 Budget included an announcement that the main rate will be reduced by an additional 1% to 24% on 1 April 2012. Further reductions in the main rate of corporation tax to 23% effective from 1 April 2013 and 22% effective from 1 April 2014 are expected to be enacted. However, these proposed rate reductions had not been substantively enacted at the balance sheet date of 31 December 2011 and have therefore not been reflected in these financial statements.

It has also been previously announced that capital allowance rates will reduce to 18% writing down allowances per annum on the main plant and machinery pool and 8% writing down allowances per annum on the special rate pool, both changes becoming effective from 1 April 2012.

The impact of these changes is not expected to be material to the balance sheet.

10 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower (2010: lower) than the standard rate of corporation tax in the UK of 28% (April 2011 to December 2011: 26%) (2009: 28%). The differences are explained below:

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Profit on ordinary activities before tax	<u>2,567</u>	<u>376</u>
Profit on ordinary activities multiplied by standard rate in the United Kingdom at 28% (April 2011 to December 2011: 26%) (2010: 28%)	680	105
Effects of:		
Expenses not deductible for tax purposes	10	10
Capital allowances in excess of depreciation	(25)	(35)
Movement in short term timing differences	-	(8)
Tax adjustment relating to prior year	-	4
Total current tax charge for the year	<u>665</u>	<u>76</u>

11 DIVIDENDS

It was resolved on 31 May 2011 that a dividend of 0.25p per share (£1,000,000) be paid to the parent company (2010: £1,700,000).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011 (continued)

12 TANGIBLE ASSETS

	<i>Freehold land £000</i>	<i>Freehold buildings £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:					
At 1 January 2011	198	2,180	1,288	12	3,678
Additions	-	-	204	5	209
Disposals	-	-	(50)	-	(50)
At 31 December 2011	<u>198</u>	<u>2,180</u>	<u>1,442</u>	<u>17</u>	<u>3,837</u>
Accumulated depreciation					
At 1 January 2011	-	887	982	11	1,880
Provided during the year	-	42	154	2	198
Disposals	-	-	(50)	-	(50)
At 31 December 2011	<u>-</u>	<u>929</u>	<u>1,086</u>	<u>13</u>	<u>2,028</u>
Net book amount:					
At 31 December 2011	<u>198</u>	<u>1,251</u>	<u>356</u>	<u>4</u>	<u>1,809</u>
At 31 December 2010	<u>198</u>	<u>1,293</u>	<u>306</u>	<u>1</u>	<u>1,798</u>

Computer equipment is analysed within Plant and Equipment

13 STOCKS

	<i>2011 £000</i>	<i>2010 £000</i>
Raw materials	279	430
Work in progress	260	724
Finished goods	1,768	2,056
Long term contract balances	523	501
	<u>2,830</u>	<u>3,711</u>

14 DEBTORS

Amounts falling due within one year	<i>2011 £000</i>	<i>2010 £000</i>
Trade debtors	3,688	4,039
Amounts owed by group undertakings	62	354
Prepayments and accrued income	92	229
	<u>3,842</u>	<u>4,622</u>

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2011 (continued)**

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Trade creditors	431	968
Amounts owed to group undertakings	1,860	1,801
Taxation and social security	629	251
Corporation tax	390	-
Other creditors	5	402
Accruals and deferred income	435	338
	<u>3,750</u>	<u>3,760</u>

16 PROVISIONS FOR LIABILITIES

	<i>Loss making contract</i> <i>£000</i>	<i>Deferred tax</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 1 January 2011	1,098	31	1,129
Charged to the profit and loss account	-	33	33
Utilised	(1,098)	-	(1,098)
At 31 December 2011	<u>-</u>	<u>64</u>	<u>64</u>

Loss making contract

A provision was made in 2010 for losses arising on a major Rolling Stock Systems contract. The provision of £1,098,000 represented management's current estimate of the level of net losses to be incurred to completion of the contract in 2011.

Deferred tax

Treatment of deferred tax asset arising from timing differences is as follows

	<i>2011</i> <i>£000</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>	<i>2010</i> <i>£000</i>
	Recognised in Accounts	Unrecognised	Recognised in Accounts	Unrecognised
Accelerated capital allowances	-	-	-	-
Capital losses	-	173	-	187
Other losses	-	-	-	-
Total deferred tax asset	<u>-</u>	<u>173</u>	<u>-</u>	<u>187</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011 (continued)

16 PROVISIONS FOR LIABILITIES (CONTINUED)

Deferred tax (continued)

A deferred tax asset has not been recognised in respect of timing differences relating to capital losses. The asset in respect of capital losses would be recovered if the company made sufficient suitable chargeable gains are made. The above amounts have been calculated at a tax rate of 25% (2010: 27%).

The movement in the deferred tax liability balance in the year can be summarised as follows:

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Balance at 1 January	(31)	-
Charged to the profit and loss account – (Note 9)	<u>(33)</u>	<u>(31)</u>
Balance at 31 December	<u>(64)</u>	<u>(31)</u>

17 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
4,000,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

18 PROFIT AND LOSS RESERVE

	<i>£000</i>
At 1 January 2011	2,773
Dividend paid to group	(1,000)
Profit for the financial year	<u>1,869</u>
At 31 December 2011	<u>3,642</u>

19 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Profit for the financial year	1,869	269
Dividends	<u>(1,000)</u>	<u>(1,700)</u>
Net increase/(decrease) to shareholders' funds	869	(1,431)
Opening shareholders' funds	<u>6,773</u>	<u>8,204</u>
Closing shareholders' funds	<u>7,642</u>	<u>6,773</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011 (continued)

20 FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Operating leases which expire				
Within one year	-	-	-	-
Within two to five years	46	93	7	7
	<u>46</u>	<u>93</u>	<u>7</u>	<u>7</u>

21 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its employees
The assets of the scheme are held separately from those of the company in an independently administered fund

	2011 £000	2010 £000
Pension costs	<u>120</u>	<u>111</u>

There are no accrued or prepaid pension costs at the year end (2010 £Nil)

22 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking and controlling entity of the group of undertakings for which group accounts are drawn up and of which the company is a member is Huber+Suhner AG, a company incorporated in Switzerland. Copies of Huber+Suhner AG's accounts can be obtained from Tumbelenstrasse 20, CH-8330 Pfaffikon ZH, Switzerland. The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Huber+Suhner AG.