

COMPANY REGISTRATION NUMBER 979709

TELEKTRON (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2011



GARNERS

Chartered Accountants & Statutory Auditor
Bermuda House
45 High Street, Hampton Wick
Kingston upon Thames
Surrey KT1 4EH

TELEKTRON (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

CONTENTS	PAGE
The directors' report	1
Independent auditor's report to the shareholders	3
Consolidated profit and loss account	5
Group statement of total recognised gains and losses	6
Consolidated balance sheet	7
Company balance sheet	8
Group cash flow statement	9
Notes to the financial statements	10
The following pages do not form part of the financial statements	
Detailed company profit and loss account	23

TELEKTRON (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 October 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group during the year was the manufacture and sale of control systems and engineering equipment

The directors are pleased to report on another year's successful trading

RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £781,719 Particulars of dividends paid are detailed in note 10 the financial statements

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have examined the major strategic, business and operational risks which the group is exposed to and have sought to control these risks and the impact they may have on the group wherever possible

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £0.05 each	
	At	At
	31 October 2011	1 November 2010
P C M Nissen	-	-
R P Nissen	155,405	155,405
A C F Nissen	155,405	155,405
P D MacAulay	<u>96,866</u>	<u>96,866</u>

The interests of the directors in the loan notes of the company were as follows

	31 October 2011	1 November 2010
P C M Nissen	18,000	18,000

TELEKTRON (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2011

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Garners are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors



A C F NISSEN
Company Secretary

Approved by the directors on 18th April 2012

TELEKTRON (HOLDINGS) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TELEKTRON (HOLDINGS) LIMITED
YEAR ENDED 31 OCTOBER 2011

We have audited the financial statements of Telektron (Holdings) Limited for the year ended 31 October 2011. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 2, 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 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

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 directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's and group's affairs as at 31 October 2011 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 properly prepared in accordance with the requirements of the Companies Act 2006.

TELEKTRON (HOLDINGS) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TELEKTRON (HOLDINGS) LIMITED
YEAR ENDED 31 OCTOBER 2011

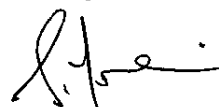
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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.



S W FRANCIS FCA
(Senior Statutory Auditor)
For and on behalf of
GARNERS
Chartered Accountants
& Statutory Auditor

Bermuda House
45 High Street, Hampton Wick
Kingston upon Thames
Surrey KT1 4EH

19/11/12

TELEKTRON (HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2011

	Note	2011 £	2010 £
TURNOVER	2	9,811,851	8,696,995
Cost of sales		<u>4,938,320</u>	4,063,718
GROSS PROFIT		4,873,531	4,633,277
Administrative expenses		(3,892,345)	(3,608,424)
Other operating income	3	<u>29,966</u>	-
OPERATING PROFIT	4	1,011,152	1,024,853
Interest receivable and similar income	7	43,257	36,399
Interest payable and similar charges	8	(25,752)	(25,750)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,028,657</u>	1,035,502
Tax on profit on ordinary activities	9	246,938	264,458
PROFIT FOR THE FINANCIAL YEAR		<u>781,719</u>	<u>771,044</u>

All of the activities of the group are classed as continuing

The notes on pages 10 to 21 form part of these financial statements

TELEKTRON (HOLDINGS) LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 OCTOBER 2011

	2011 £	2010 £
Profit for the financial year attributable to the shareholders	781,719	771,044
Loss on disposal of subsidiary undertaking	-	(132,827)
Unrealised loss on foreign currency retranslations	(2,010)	(47,670)
 Total gains and losses recognised since the last annual report	 <u>779,709</u>	 <u>590,547</u>

The notes on pages 10 to 21 form part of these financial statements

TELEKTRON (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

YEAR ENDED 31 OCTOBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	11	174,172	184,562
Intangible assets	12	74,704	426,638
		<u>248,876</u>	<u>611,200</u>
CURRENT ASSETS			
Stocks	14	1,357,710	1,097,010
Debtors	15	1,533,074	1,215,564
Cash at bank and in hand		1,874,700	1,572,620
		<u>4,765,484</u>	<u>3,885,194</u>
CREDITORS: Amounts falling due within one year	16	<u>1,359,672</u>	<u>1,121,415</u>
NET CURRENT ASSETS		<u>3,405,812</u>	<u>2,763,779</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,654,688</u>	<u>3,374,979</u>
CREDITORS: Amounts falling due after more than one year	17	48,000	48,000
		<u>3,606,688</u>	<u>3,326,979</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	30,674	30,674
Share premium account	22	315,629	315,629
Profit and loss account	23	3,260,385	2,980,676
SHAREHOLDERS' FUNDS	24	<u>3,606,688</u>	<u>3,326,979</u>

These financial statements were approved by the directors and authorised for issue on 18 April 2012 and are signed on their behalf by



A C F NISSEN



P D MACAULAY

Company Registration Number 979709

The notes on pages 10 to 21 form part of these financial statements.

TELEKTRON (HOLDINGS) LIMITED**COMPANY BALANCE SHEET****YEAR ENDED 31 OCTOBER 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	13	1,332,659	1,341,610
CURRENT ASSETS			
Debtors	15	133,786	640,937
Cash at bank		2,147	472
		<u>135,933</u>	<u>641,409</u>
CREDITORS: Amounts falling due within one year	16	<u>568,770</u>	<u>668,144</u>
NET CURRENT LIABILITIES		<u>(432,837)</u>	<u>(26,735)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		899,822	1,314,875
CREDITORS: Amounts falling due after more than one year	17	<u>48,000</u>	<u>48,000</u>
		<u>851,822</u>	<u>1,266,875</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	30,674	30,674
Share premium account	22	315,629	315,629
Profit and loss account	23	505,519	920,572
SHAREHOLDERS' FUNDS	24	<u>851,822</u>	<u>1,266,875</u>

The notes on pages 10 to 21 form part of these financial statements.

TELEKTRON (HOLDINGS) LIMITED**GROUP CASH FLOW STATEMENT****YEAR ENDED 31 OCTOBER 2011**

	Note	2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	1,125,981	1,562,706
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	25	17,505	10,649
TAXATION	25	(277,712)	(343,233)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(63,694)	(208,977)
EQUITY DIVIDENDS PAID		(500,000)	(300,000)
INCREASE IN CASH	25	<u>302,080</u>	<u>721,145</u>

The notes on pages 10 to 21 form part of these financial statements.

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The group financial statements consolidate the financial statements of Telektron (Holdings) Limited and all of its subsidiary undertakings. The results of the subsidiary undertakings are included from the date of acquisition using the principle of acquisition accounting. By virtue of the exemption granted by Section 408 of the Companies Act 2006, a separate Profit & Loss Account is not published for the parent company.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for orders completed during the year, exclusive of VAT.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Unrealised gains or losses resulting from the retranslation of long term monetary assets or liabilities are recognised in the statement of total recognised gains and losses. The assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rate of exchange ruling at the balance sheet date. The profit and loss items of overseas subsidiary undertakings are translated into sterling at the average rate of exchange ruling during the year. Exchange gains or losses arising from the retranslation of opening balances are recognised in the group statement of total recognised gains and losses. Other exchange differences are taken into account in arriving at the operating profit.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	2.5% - 6.67% per annum on cost
Motor vehicles	25% per annum on cost
Fixtures, fittings and equipment	25% - 33% per annum on cost
Tooling	20% - 50% per annum on cost

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

1. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on business acquisitions is capitalised as intangible assets and amortised over its estimated useful economic life. Goodwill is reviewed for impairment at the end of each accounting period. Provision is made for impairment when it is considered that the recoverable value of an asset is less than its carrying value.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	7.5% per annum on cost
----------	------------------------

Stocks

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Work in progress

Work in progress has been valued at the cost of direct materials and expenditure incurred in that work in progress, less a provision for any foreseeable losses where appropriate.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of lease.

Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Research and development

Research and development costs are written off as they are incurred.

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	1,876,464	2,637,008
Overseas	7,935,387	6,059,987
	<u>9,811,851</u>	<u>8,696,995</u>

3. OTHER OPERATING INCOME

	2011	2010
	£	£
Currency exchange gains	<u>29,966</u>	<u>-</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation of owned tangible fixed assets	74,064	75,801
Impairment of intangible fixed assets	306,461	-
Amortisation of intangible fixed assets	45,473	45,243
Loss/(Profit) on disposal of fixed assets	20	(5,441)
Auditor's remuneration		
- as auditor	<u>15,395</u>	<u>16,500</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2011	2010
	No	No
Number of production staff	46	38
Number of administrative staff	40	37
Number of management staff	10	10
	<u>96</u>	<u>85</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	2,887,366	2,765,215
Social security costs	283,393	263,949
Other pension costs	115,999	178,486
	<u>3,286,758</u>	<u>3,207,650</u>

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	170,078	164,216
Value of company pension contributions to money purchase schemes	14,040	33,500
	<u>184,118</u>	<u>197,716</u>

Remuneration of highest paid director:

	2011 £	2010 £
Total remuneration (excluding pension contributions)	158,014	152,461
Value of company pension contributions to money purchase schemes	14,040	13,500
	<u>172,054</u>	<u>165,961</u>

The number of directors who accrued benefits under group pension schemes were as follows

	2011 No	2010 No
Money purchase schemes	<u>1</u>	<u>2</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Interest receivable on bank deposits	12,211	8,209
Other interest	31,046	28,190
	<u>43,257</u>	<u>36,399</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest payable on bank borrowing	1,302	1,300
Other interest	24,450	24,450
	<u>25,752</u>	<u>25,750</u>

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****9. TAXATION ON ORDINARY ACTIVITIES****(a) Analysis of charge in the year**

	2011	2010
	£	£
Current tax		
UK Corporation tax based on the results for the year at 27% (2010 – 28%)	241,130	275,393
Overprovision in prior years	-	(9,892)
Overseas taxes	5,808	(1,043)
Total current tax	<u>246,938</u>	<u>264,458</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 27% (2010 - 28%)

	2011	2010
	£	£
Profit on ordinary activities before taxation	<u>1,028,657</u>	<u>1,035,502</u>
Profit on ordinary activities by rate of tax	277,737	289,940
Additional tax relief for development expenditure	(39,670)	(32,254)
Expenses not deductible for tax purposes	1,902	4,280
Provision for impairment of intangible fixed assets	82,745	-
Capital allowances for the year in excess of depreciation	(5,963)	(6,467)
Tax charged at different rates	(7,887)	(832)
Overseas profits offset by losses brought forward	(67,734)	-
Overseas losses not deductible against UK profits	-	20,726
Other overseas taxes	5,808	(1,043)
Adjustment to previous years	-	(9,892)
Total current tax (note 9(a))	<u>246,938</u>	<u>264,458</u>

10. DIVIDENDS**Equity dividends**

	2011	2010
	£	£
Paid		
Equity dividends on ordinary shares	<u>500,000</u>	<u>300,000</u>

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****11. TANGIBLE FIXED ASSETS****Group**

	Leasehold Property £	Motor Vehicles £	Fixtures, Fittings & Equipment £	Tooling & Patterns £	Total £
COST					
At 1 November 2010	109,178	37,928	493,590	58,029	698,725
Additions	-	-	60,520	3,174	63,694
Disposals	-	-	(4,971)	-	(4,971)
At 31 October 2011	109,178	37,928	549,139	61,203	757,448
DEPRECIATION					
At 1 November 2010	10,775	35,246	423,288	44,854	514,163
Charge for the year	3,968	1,547	64,077	4,472	74,064
On disposals	-	-	(4,951)	-	(4,951)
At 31 October 2011	14,743	36,793	482,414	49,326	583,276
NET BOOK VALUE					
At 31 October 2011	94,435	1,135	66,725	11,877	174,172
At 31 October 2010	98,403	2,682	70,302	13,175	184,562

12. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
At 1 November 2010	597,291
Additions	-
At 31 October 2011	597,291
DEPRECIATION	
At 1 November 2010	170,653
Charge for the year	45,473
Provision for impairment	306,461
At 31 October 2011	522,587
NET BOOK VALUE	
At 31 October 2011	74,704
At 31 October 2010	426,638

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****13. INVESTMENTS****Company**

	Total £
COST OR VALUATION	
At 1 November 2010 and 31 October 2011	<u>539,614</u>
LOANS	
At 1 November 2010	801,996
Write-downs in year	<u>(8,951)</u>
At 31 October 2011	<u>793,045</u>
NET BOOK VALUE	
At 31 October 2011	<u>1,332,659</u>
At 31 October 2010	<u>1,341,610</u>

a) Investment in group undertakings

Details of group undertakings at the balance sheet date are as follows

Name of undertaking	Class of Shares	Holding %
Expo Technologies Limited		
- manufacture of control systems and engineering equipment		
- incorporated in Great Britain and registered in England and Wales	Ordinary Redeemable Preference	100 100
Expo Technologies Inc		
- sale of control systems and engineering equipment	Common	
- incorporated in U S A	Stock	100
Expo Technologies LLC		
- sale of control systems and engineering equipment		
- incorporated in U S A	100% owned subsidiary of Expo Technologies Inc	

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****14. STOCKS**

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Raw materials	884,175	-	641,981	-
Work in progress	25,356	-	75,920	-
Finished goods	448,179	-	379,109	-
	<u>1,357,710</u>	<u>-</u>	<u>1,097,010</u>	<u>-</u>

15. DEBTORS

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	1,329,962	-	1,049,919	-
Amounts owed by group undertakings	-	125,000	-	630,884
VAT recoverable	67,727	-	51,847	-
Other debtors	8,179	8,786	9,300	10,053
Prepayments and accrued income	127,206	-	104,498	-
	<u>1,533,074</u>	<u>133,786</u>	<u>1,215,564</u>	<u>640,937</u>

The debtors above include the following amounts falling due after more than one year

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Prepayments and accrued income	<u>47,995</u>	<u>-</u>	<u>47,995</u>	<u>-</u>

16. CREDITORS: Amounts falling due within one year

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	605,656	-	374,460	-
Amounts owed to group undertakings	-	533,404	-	594,064
Corporation tax	244,619	30,729	275,393	69,850
Other taxes and social security	64,775	-	61,963	-
Other creditors	54,217	-	48,870	-
Accruals and deferred income	390,405	4,637	360,729	4,230
	<u>1,359,672</u>	<u>568,770</u>	<u>1,121,415</u>	<u>668,144</u>

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

17. CREDITORS: Amounts falling due after more than one year

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Loan notes	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2011 the group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire Within 2 to 5 years	<u>105,000</u>	<u>105,000</u>

19. TRANSACTIONS WITH THE DIRECTORS

During the period the group paid consultancy fees of £15,000 to Nissen & Partners Co Limited, a company in which the director, A C F Nissen is a 50% shareholder and £15,500 to the director P C M Nissen

20. RELATED PARTY TRANSACTIONS

There was no controlling party during the current and previous years

During the year the group loaned funds to Virtual Office Group Limited, a company in which the director, A C F Nissen is a 30% shareholder and director. The maximum balance loaned during the year was £50,000, it was repaid in full on 13 January 2011. Interest was paid at a rate of 5% fixed from the drawdown until repayment of the loan.

During the year the group made sales of £223,551 to Telektron Limited, a company in which the director, A C F Nissen, is a 25% shareholder and director and P D MacAulay is a 16% shareholder and director.

21. SHARE CAPITAL

Authorised share capital:

	2011	2010
	£	£
851,620 Ordinary shares of £0.05 each	<u>42,581.00</u>	<u>42,581.00</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
613,486 Ordinary shares of £0.05 each	<u>613,486</u>	<u>30,674.30</u>	<u>613,486</u>	<u>30,674.30</u>

TELEKTRON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****22. SHARE PREMIUM ACCOUNT**

There was no movement on the share premium account during the financial year

23. PROFIT AND LOSS ACCOUNT

	2011		2010	
	Group £	Company £	Group £	Company £
Balance brought forward	2,980,676	920,572	2,690,129	2,638,525
Profit/(loss) for the financial year	781,719	93,898	771,044	(61,053)
Loss on disposal of subsidiary undertaking	-	-	(132,827)	-
Provision again loan to subsidiary undertaking	-	(8,951)	-	(1,422,170)
Equity dividends paid	(500,000)	(500,000)	(300,000)	(300,000)
Foreign currency retranslation	(2,010)	-	(47,670)	65,270
	<u>3,260,385</u>	<u>505,519</u>	<u>2,980,676</u>	<u>920,572</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011		2010	
	Group £	Company £	Group £	Company £
Profit/(loss) for the financial year	781,719	93,898	771,044	(61,053)
Loss on disposal of subsidiary undertaking	-	-	(132,827)	-
Provision again loan to subsidiary undertaking	-	(8,951)	-	(1,422,170)
Equity dividends paid	(500,000)	(500,000)	(300,000)	(300,000)
Foreign currency retranslation	(2,010)	-	(47,670)	65,270
Net addition/(reduction)to shareholders' funds	<u>279,709</u>	<u>(415,053)</u>	<u>290,547</u>	<u>(1,717,953)</u>
Opening shareholders' funds	<u>3,326,979</u>	<u>1,266,875</u>	<u>3,036,432</u>	<u>2,984,828</u>
Closing shareholders' funds	<u>3,606,688</u>	<u>851,822</u>	<u>3,326,979</u>	<u>1,266,875</u>

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

25. NOTES TO THE GROUP CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	1,011,152	1,024,853
Depreciation and amortisation	119,537	121,044
Impairment of intangible fixed assets	306,461	-
Loss/(profit) on disposal of fixed assets	20	(5,441)
Increase in stocks	(260,700)	(72,059)
(Increase)/decrease in debtors	(317,510)	587,947
Increase/(decrease) in creditors	269,031	(45,968)
Currency retranslation	(2,010)	(47,670)
Net cash inflow from operating activities	<u>1,125,981</u>	<u>1,562,706</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	43,257	36,399
Interest paid	(25,752)	(25,750)
Net cash inflow from returns on investments and servicing of finance	<u>17,505</u>	<u>10,649</u>

TAXATION

	2011 £	2010 £
Taxation paid	<u>(277,712)</u>	<u>(343,233)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011 £	2010 £
Payments to acquire tangible fixed assets	(63,694)	(82,586)
Receipts from sale of fixed assets	-	6,436
Net movement of funds on disposal of subsidiary undertaking	-	(132,827)
Net cash outflow for capital expenditure and financial investment	<u>(63,694)</u>	<u>(208,977)</u>

TELEKTRON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2011

25. NOTES TO THE CASH FLOW STATEMENT (continued)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Increase in cash in the period	302,080	721,145
Net funds at 1 November 2010	1,524,620	803,475
Net funds at 31 October 2011	<u>1,826,700</u>	<u>1,524,620</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Nov 2010 £	Cash flows £	At 31 Oct 2011 £
Cash in hand and at bank	<u>1,572,620</u>	<u>302,080</u>	<u>1,874,700</u>
Debt due after 1 year	<u>(48,000)</u>	<u>-</u>	<u>(48,000)</u>
Net funds	<u>1,524,620</u>	<u>302,080</u>	<u>1,826,700</u>

26. POST BALANCE SHEET EVENT

The group sold its entire interest in the subsidiary undertaking Expo Technologies LLC on 23 February 2012. Provision has been made in the group financial statements for the year ended 31 October 2011, to the extent that the carrying value of the net assets of the subsidiary undertaking were not recovered on its subsequent sale.