

Tinius Olsen Limited

Report and Financial Statements

Year Ended

31 December 2011

Company number 998521



Tinius Olsen Limited

Report and financial statements for the year ended 31 December 2011

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Directors

J C Ivory (Managing Director)
P M O Woolford
M J Wheeler
M Youngs
J P Loftus (American)
C R Tait III (American)

Secretary and registered office

P M O Woolford, 6 Perrywood Business Park, Honeycock Lane, Salfords, Surrey RH1 5DZ

Company number

998521

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Tinius Olsen Limited

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a dividend (2010 - £Nil)

Principal activities, review of business and future developments

The principal activity of the group and company during the year was that of producers of load test equipment

In presenting this report the directors have chosen to prepare consolidated financial statements which consolidate the results of Tinius Olsen Limited ("the Company") and its subsidiary undertaking. As a consequence, although showing a small increase compared with the previous year, the reported profit before taxation of £483,585 has been impacted by the losses of the subsidiary which increased from £24,000 to £213,000 as a result of the investment made in establishing its operations. The underlying performance of the Company remained strong with a profit before taxation of £696,613, a 39% increase on that for the previous year.

The directors consider that the key business risk remains competition and as such this continues to be monitored by a regular review of market share and margins.

Research and development activities

The group continues to run an extensive research and development programme which, in the opinion of the directors, is essential for the growth of the business.

Financial instruments

Working capital requirements are met principally out of retained profits. In addition, trade debtors and trade creditors arise directly from the company's operations. The company does not enter into any hedging arrangements.

Credit risk and currency risk arise from the company's activities. The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made where possible. The company's policy in respect of currency risk is to invoice primarily in sterling. These risks are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is currently maintained at a fixed interest rate with the parent company, Tinius Olsen International Company. The directors monitor the liquidity and cash flow of the company carefully.

Tinius Olsen Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

Directors

The directors of the company during the year were

J C Ivory (Managing Director)
P M O Woolford
M J Wheeler
M Youngs
J P Loftus (American)
C R Tait III (American)

Directors' responsibilities

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to

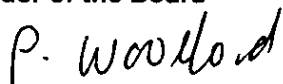
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board



P M O Woolford
Secretary

Date 5th March 2012

Tinius Olsen Limited

Independent auditor's report

TO THE MEMBERS OF TINIUS OLSEN LIMITED

We have audited the financial statements of Tinius Olsen Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 group's and the parent company's affairs as at 31 December 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 prepared in accordance with the requirements of the Companies Act 2006.

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.

Tinius Olsen Limited

Independent auditor's report (*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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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


Richard Matthews (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date 6 MARCH 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Tinius Olsen Limited

Consolidated profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	7,442,158	5,692,780
Cost of sales		3,596,012	2,686,568
Gross profit		3,846,146	3,006,212
Distribution costs		1,175,385	844,277
Administrative expenses		2,170,544	1,646,860
		500,217	515,075
Other operating income		50,725	42,688
Operating profit	5	550,942	557,763
Interest receivable and similar income		4,562	3,164
Interest payable and similar charges	6	(71,919)	(85,115)
Profit on ordinary activities before taxation		483,585	475,812
Taxation on profit on ordinary activities	7	(177,779)	42,146
Profit on ordinary activities after taxation		305,806	517,958
Minority interest		85,211	9,157
Profit for the financial year		391,017	527,115

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 10 to 22 form part of these financial statements

Tinius Olsen Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2011

	2011 £	2010 £
Profit for the financial year	391,017	527,115
Currency translation differences	2,857	531
Total recognised gains for the year	393,874	527,646

The notes on pages 10 to 22 form part of these financial statements

Tinius Olsen Limited

Consolidated balance sheet at 31 December 2011

Company number: 998521	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	11	2,392,766		2,433,417	
Investments	9	1,835		1,835	
		<u>2,394,601</u>		<u>2,435,252</u>	
Current assets					
Stocks	10	905,019		1,137,876	
Debtors	13	1,652,699		1,424,244	
Cash at bank and in hand		1,309,935		895,550	
		<u>3,867,653</u>		<u>3,457,670</u>	
Creditors amounts falling due within one year	14	1,619,308		1,443,949	
		<u>3,867,653</u>		<u>3,457,670</u>	
Net current assets			<u>2,248,345</u>		<u>2,013,721</u>
Total assets less current liabilities			<u>4,642,946</u>		<u>4,448,973</u>
Creditors: amounts falling due after more than one year	15		1,213,716		1,382,223
			<u>1,213,716</u>		<u>1,382,223</u>
Net assets			<u>3,429,230</u>		<u>3,066,750</u>
Capital and reserves					
Called up share capital	16		18,000		18,000
Share premium account	17		558,000		558,000
Capital reserve	17		32,619		32,619
Profit and loss account	17		2,851,996		2,458,122
			<u>3,460,615</u>		<u>3,066,741</u>
Shareholders' funds	18		3,460,615		3,066,741
Minority interest			<u>(31,385)</u>		<u>9</u>
			<u>3,429,230</u>		<u>3,066,750</u>

The financial statements were approved by the Board of Directors and authorised for issue on

5th March 2012

P. Woolford

P M O Woolford
Director

The notes on pages 10 to 22 form part of these financial statements

Tinius Olsen Limited

Company balance sheet at 31 December 2011

Company number. 998521	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	11	2,392,766		2,433,417	
Investments	9	111,810		34,454	
		<u>2,504,576</u>		<u>2,467,871</u>	
Current assets					
Stocks	10	882,296		1,137,876	
Debtors	13	1,647,663		1,416,070	
Cash at bank and in hand		1,259,417		881,506	
		<u>3,789,376</u>		<u>3,435,452</u>	
Creditors: amounts falling due within one year	14	1,462,007		1,421,707	
		<u></u>		<u></u>	
Net current assets			<u>2,327,369</u>		<u>2,013,745</u>
Total assets less current liabilities			<u>4,831,945</u>		<u>4,481,616</u>
Creditors: amounts falling due after more than one year	15		1,213,716		1,382,223
			<u></u>		<u></u>
Net liabilities			<u>3,618,229</u>		<u>3,099,393</u>
Capital and reserves					
Called up share capital	16		18,000		18,000
Share premium account	17		558,000		558,000
Capital reserve	17		32,619		32,619
Profit and loss account	17		3,009,609		2,490,774
			<u></u>		<u></u>
Shareholders' funds	18		<u>3,618,228</u>		<u>3,099,393</u>

The financial statements were approved by the Board of Directors and authorised for issue on

5th March 2012

P. Woolford

P M O Woolford
Director

The notes on pages 10 to 22 form part of these financial statements

Tinius Olsen Limited

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	20		590,688		656,446
Returns on investments and servicing of finance					
Interest received		4,562		3,164	
Interest paid		(71,919)		(85,115)	
Net cash outflow from returns on investments and servicing of finance			(67,357)		(81,951)
Capital expenditure					
Purchase of tangible fixed assets		(72,588)		(21,851)	
Less asset sales		16,503		-	
			(56,085)		(21,851)
Management of liquid resources			(377,450)		(370,000)
Financing					
Repayment of loan		(36,726)		(138,660)	
Capital element of finance lease		(16,135)		(21,668)	
			(52,861)		(160,328)
Increase in cash	21		36,935		22,316

The notes on pages 10 to 22 form part of these financial statements

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of the company and its subsidiary undertaking, Tinius Olsen-India Private Limited, as at 31 December 2011 using the acquisition method of accounting. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date of acquisition. On acquisition, fair values are attributed to the assets and liabilities of the business acquired, any excess of consideration over these fair values being taken to Goodwill

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax or local taxes on sales and is recognised on despatch

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates

Freehold buildings	- over 50 years
Plant and machinery	- over 7 to 10 years
Motor vehicles	- over 3 to 4 years
Fixtures and fittings	- over 3 to 7 years

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment

Stocks

Stocks are valued at the lower of cost and net realisable value

Work in progress and finished goods include labour and attributable overheads appropriate to the stage of manufacture

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet dates. Any differences are taken to the profit and loss account

The profit and loss account of the Group's subsidiary undertakings are translated into sterling at the average rates of exchange and the differences arising from this and the closing rate and from translation of the opening net investment at the closing rate are taken directly to reserves

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance, and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Taxation

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met. Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short term deposits.

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

2 Turnover

Turnover is wholly derived from the principal activity of the company. A geographical analysis by destination has not been provided as, in the opinion of the directors, disclosure of this information would be seriously prejudicial to the interests of the company.

3 Employees

Group	2011 £	2010 £
Staff costs consist of		
Wages and salaries	2,257,868	1,825,736
Social security costs	273,054	193,482
Other pension costs	175,540	106,376
	<u>2,706,462</u>	<u>2,125,594</u>
	2011 Number	2010 Number
The average number of employees during the year was		
Office and management	12	13
Manufacturing	24	19
Sales and design	20	18
	<u>56</u>	<u>50</u>

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

3 Employees (*continued*)

Company	2011 £	2010 £
Staff costs consist of		
Wages and salaries	2,115,247	1,825,736
Social security costs	273,054	193,482
Other pension costs	175,540	106,376
	<u>2,563,841</u>	<u>2,125,594</u>
	2011 Number	2010 Number
The average number of employees during the year was		
Office and management	11	13
Manufacturing	24	19
Sales and design	20	18
	<u>55</u>	<u>50</u>

4 Directors

	2011 £	2010 £
Directors' remuneration consists of		
Directors' emoluments	473,227	420,486
Company contributions to defined contribution pension scheme	58,958	38,256
	<u>532,185</u>	<u>458,742</u>

There were 4 directors in the company's defined contribution pension scheme during the year (2010 – 4)

Emoluments of the highest paid director was £168,913 (2010 - £150,685) Company pension contributions of £18,040 (2010 - £15,620) were made to a defined contribution scheme on his behalf

A pension of £15,000 (2010 - £15,000) was paid to a former director

Tinius Olsen Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

5 Operating profit

	2011 £	2010 £
This has been arrived at after charging		
Research & Development	188,546	10,511
Depreciation - owned assets	109,150	99,597
Hire of assets - operating leases	26,822	18,274
Auditors' remuneration - audit services	40,286	31,950
Auditors' remuneration - taxation compliance services	4,100	3,950
Foreign exchange differences	3,110	31,494

6 Interest payable and similar charges

	2011 £	2010 £
Lease interest	2,817	3,487
Loan interest	69,102	81,628
	71,919	85,115

7 Taxation on ordinary activities

	2011 £	2010 £
<i>Current tax</i>		
UK Corporation tax	132,680	7,402
<i>Deferred tax</i>		
Origination and reversal of temporary differences	45,099	(49,548)
Taxation charge/(credit) on loss on ordinary activities	177,779	(42,146)

The tax assessed for the year is higher than (2010 – less than) the standard rate of Corporation tax in the UK. The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	483,585	475,804
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 26% (2010 - 21%)	125,732	99,919
Effects of		
Expenses not deductible for tax purposes	9,512	4,981
Excess of depreciation over capital allowances	10,728	2,579
Difference in tax rates	2,470	-
Other timing differences	3,071	2,481
Losses carried forward	(18,833)	(102,558)
Current tax charge for year	132,680	7,402

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

8 Profit of parent company

As permitted by Section 480 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year after taxation was £518,835 (2010 – £542,169)

9 Fixed asset investments

Group	Subsidiary undertaking £	Other investments £	Total £
Cost			
At 1 January 2011	32,619	1,835	34,454
Additions	77,356	-	77,356
At 31 December 2011	109,975	1,835	111,810

Other investments are listed investments. At 31 December 2011 the market value of these investments was £1,167 (2010 - £1,564)

Company	Other investments £
Cost	
At 1 January 2011	1,835
Additions	-
At 31 December 2011	1,835

The following was the subsidiary undertaking at the end of the year

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Tinius Olsen-India Private Limited	Republic of India	60%	Producers of load test equipment

Tinius Olsen Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

10 Stocks

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Finished goods and goods for resale	222,116	282,512	222,116	282,512
Raw materials and consumables	46,165	58,730	46,165	58,730
Work in progress	636,738	796,634	614,015	796,634
	<u>905,019</u>	<u>1,137,876</u>	<u>882,296</u>	<u>1,137,876</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

11 Tangible assets – Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 January 2011	2,769,658	679,366	109,330	902,659	4,461,013
Additions	-	-	34,286	38,272	72,558
Disposals	-	-	(73,145)	-	(73,145)
	<u>2,769,658</u>	<u>679,366</u>	<u>70,471</u>	<u>940,931</u>	<u>4,460,426</u>
<i>At 31 December 2011</i>	<i>2,769,658</i>	<i>679,366</i>	<i>70,471</i>	<i>940,931</i>	<i>4,460,426</i>
<i>Depreciation</i>					
At 1 January 2011	468,967	623,449	96,100	839,080	2,027,596
Charge for the year	34,791	30,500	11,315	32,544	109,150
Disposals	-	-	(69,086)	-	(69,086)
	<u>503,758</u>	<u>653,949</u>	<u>38,329</u>	<u>871,624</u>	<u>2,067,660</u>
<i>At 31 December 2011</i>	<i>503,758</i>	<i>653,949</i>	<i>38,329</i>	<i>871,624</i>	<i>2,067,660</i>
<i>Net book value</i>					
At 31 December 2011	2,265,900	25,417	32,142	69,307	2,392,766
	<u>2,265,900</u>	<u>25,417</u>	<u>32,142</u>	<u>69,307</u>	<u>2,392,766</u>
At 31 December 2010	2,300,691	55,917	13,230	63,579	2,433,417
	<u>2,300,691</u>	<u>55,917</u>	<u>13,230</u>	<u>63,579</u>	<u>2,433,417</u>

The net book value of Plant and Machinery above includes an amount of £21,937 (2010 - £40,065) in respect of assets held under finance leases. The related depreciation charge on these assets was £13,162 (2010 - £22,162)

Tinius Olsen Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

12 Tangible fixed assets - Company

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 January 2011	2,769,658	679,366	109,330	902,659	4,461,013
Additions	-	-	34,286	38,272	72,558
Disposals	-	-	(73,145)	-	(73,145)
At 31 December 2011	2,769,658	679,366	70,471	940,931	4,460,426
<i>Depreciation</i>					
At 1 January 2011	468,967	623,449	96,100	839,080	2,027,596
Provided for the year	34,791	30,500	11,315	32,544	109,150
Disposals	-	-	(69,086)	-	(69,086)
At 31 December 2011	503,758	653,949	38,329	871,624	2,067,660
<i>Net book value</i>					
At 31 December 2011	2,265,900	25,417	32,142	69,307	2,392,766
At 31 December 2010	2,300,691	55,917	13,230	63,579	2,433,417

The net book value of tangible assets includes an amount of £21,937 (2010 - £40,655) in respect of assets held under finance leases. The related depreciation charge for year was £13,162 (2010 - £22,162)

13 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	1,017,590	841,276	1,017,590	841,276
Other debtors	38,264	64,267	27,272	55,825
Prepayments and accrued income	68,701	62,897	68,701	62,895
Amounts owed by group undertakings	528,144	455,804	534,100	456,074
	1,652,699	1,424,244	1,647,663	1,416,070

All amounts fall due for payment within one year

Tinius Olsen Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

14 Creditors amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Payments received on account	71,879	61,900	71,879	61,900
Trade creditors	517,008	718,567	486,698	696,325
Amounts owed to group undertakings	293,421	164,335	168,089	164,335
Other taxation and social security	127,664	70,553	126,005	70,553
Accruals and deferred income	606,608	412,426	606,608	412,426
Obligations under finance lease	2,728	16,168	2,728	16,168
	<u>1,619,308</u>	<u>1,443,949</u>	<u>1,462,007</u>	<u>1,421,707</u>

15 Creditors amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts owed to group undertakings	1,213,716	1,379,528	1,213,716	1,379,528
Obligations under finance lease	-	2,695	-	2,695
	<u>1,213,716</u>	<u>1,382,223</u>	<u>1,213,716</u>	<u>1,382,223</u>

Group and company	Amounts due to parent undertaking 2011 £	Amounts due to parent undertaking 2010 £	Finance leases 2011 £	Finance Leases 2010 £
Maturity of debt				
In one year or less, or on demand	<u>293,421</u>	<u>164,335</u>	<u>2,728</u>	<u>16,168</u>
In more than one year but not more than two years	94,627	120,270	-	2,695
In more than two years but not more than five years	260,373	338,496	-	-
In more than five years	858,716	920,762	-	-
	<u>1,213,716</u>	<u>1,379,528</u>	<u>-</u>	<u>2,695</u>

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (continued)

15 Creditors: amounts falling due after more than one year (continued)

Amounts due to parent undertaking comprise loan stock of £168,000 (2010 - £210,000), plus three loans of £Nil (2010 - £58,118), £Nil (2010 - £87,229) and £1,137,533 (2010 - £1,188,516)

The loan stock of £168,000 is unsecured, attracts interest at 3% per annum, and is payable by equal annual instalments. The redemption date is 2016.

The long term loan of £1,137,533 attracts interest at 5.5% and is payable by equal monthly instalments commencing 1 January 2007. The redemption date is 2027.

The short and long term loans are secured against, with a right of set off against, any and all present, future and after acquired funds, monies, balances, stocks, bonds, notes, deposit accounts, and other personal property of any nature whatsoever in which the company has any interest.

16 Share capital

<i>Allotted, issued and fully paid</i>	2011 Number	2010 Number	2011 £	2010 £
Ordinary shares of £1 each	18,000	18,000	18,000	18,000

17 Reserves

	Share premium account £	Capital reserve £	Profit and loss account £
Group			
At 1 January 2011	558,000	32,619	2,458,122
Profit for year	-	-	391,017
Currency translation difference	-	-	2,857
At 31 December 2011	558,000	32,619	2,851,996
Company			
At 1 January 2011	558,000	32,619	2,490,774
Profit for year	-	-	518,835
At 31 December 2011	558,000	32,619	3,009,609

Tinius Olsen Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

18 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Group		
Profit for the financial year	391,017	517,115
Currency translation differences	2,857	531
Opening shareholders' funds	3,066,741	2,549,095
Closing shareholders' funds	3,460,615	3,066,741
Company		
Profit for the financial year	518,835	542,169
Opening shareholders' funds	3,099,393	2,557,224
Closing shareholders' funds	3,618,228	3,099,393

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Other 2011 £	Other 2010 £
Operating leases which expire		
Within one year	6,236	3,031
In two to five years	24,576	13,611
	30,812	16,642

20 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	550,942	557,763
Depreciation charges	109,150	99,597
Profit on sale of fixed assets	(12,444)	-
Increase in debtors	(255,549)	(252,725)
Decrease in stocks	232,827	48,637
(Decrease)/increase in creditors	(34,238)	203,174
Net cash inflow from operating activities	590,688	656,446

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

21 Reconciliation of net cash inflow to movement in net debt

	2011 £	2010 £
Increase in cash in the year	36,935	22,316
Cash inflow from changes in debt	52,861	160,328
Changes in liquid resources	377,450	370,000
Movement in net (debt)/funds in the year	467,246	552,644
Opening net debt	(667,176)	(1,219,820)
Closing net funds	(199,930)	(667,176)

22 Analysis of net debt

	At 1 January 2011 £	Cash flow £	Other Non cash Items £	At 31 December 2011 £
Cash in hand and at bank	120,550	36,935	-	157,485
Debt due within one year	(164,335)	36,726	(165,812)	(293,421)
Debt due after one year	(1,379,528)	-	165,812	(1,213,716)
Finance leases	(18,863)	16,135	-	(2,728)
	(1,562,726)	52,861	-	(1,509,865)
Liquid resource	775,000	377,450	-	1,152,450
Total	(667,176)	467,246	-	(199,930)

23 Pensions

The company currently contributes to a group personal pension plan, which is a defined contribution scheme. The assets of the plan are held separately from those of the company in an independently administered fund. The pension cost charge also includes contributions payable by the company to this fund. Included within accruals are outstanding contributions amounting to £Nil (2010 - £11,812).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

24 Related party transactions

Related party transactions and balances

During the year ended 31 December 2011, the company made sales of £2,337,561 (2010 - £1,864,508) to Tinius Olsen Testing Machine Company, a fellow group undertaking, at arms length. Trade debtors include £376,648 (2010 - £347,251) and other debtors £41,212 (2010 - £Nil) due from Tinius Olsen Testing Machine Company.

The company also made purchases of £376,991 (2010 - £257,090) from its parent company during the year. Trade creditors include £76,272 (2010 - £68,350) due to the parent company.

The company received research and development and other recharges and commissions amounting to £366,871 which includes accrued commission due of £43,033 (2009 - £48,860) from its parent company during the year. £41,212 (2010 - £Nil) was outstanding at the year end, in addition to the accrued amount of £110,973.

During the year the company's indebtedness to its parent and ultimate parent undertakings are set out in note 15. The related interest charges are also disclosed in note 6.

25 Ultimate parent company and parent undertaking of larger group

At 31 December 2011 the company's ultimate parent company was Tinius Olsen International Company, a company incorporated in the United States of America, which is the parent of both the smallest and largest groups of which the company is included in consolidated accounts.