

Tinius Olsen Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 998521

WEDNESDAY



A6EVCN4Q

A22

13/09/2017

#164

COMPANIES HOUSE

SA

A11

A6DNQVVF

26/08/2017

#12

COMPANIES HOUSE

Tinius Olsen Limited

Report and financial statements for the year ended 31 December 2016

Contents

Page:

1	Strategic report
2	Report of the directors
4	Independent auditor's report
6	Consolidated income statement
7	Consolidated statement of comprehensive income
8	Consolidated balance sheet
9	Consolidated statement of changes in equity
11	Consolidated statement of cash flows
12	Company balance sheet
13	Company statement of changes in equity
14	Notes forming part of the financial statements

Directors

M Youngs (Managing Director)
M J Wheeler
C R Tait III (American)
B Gaskins

Secretary and registered office

B Gaskins, 6 Perrywood Business Park, Honeycrook Lane, Salfords, Surrey, RH1 5DZ

Company number

998521

Auditors

BDO LLP, 55 Baker Street, London W1U 7EU

Tinius Olsen Limited

Strategic report for the year ended 31 December 2016

The directors present the strategic report together with the audited financial statements for the year ended 31 December 2016.

Review of the business

In presenting this report the financial statements consolidate the results of Tinius Olsen Limited ("the Company") its subsidiary undertaking Tinius Olsen India Pvt Limited incorporated in India and its subsidiary Tinius Olsen Testing Machine Company Shanghai Ltd incorporated in the Peoples Republic of China. The group made a profit before taxation of £328,978 for the year ended 31 December 2016, this compares to a profit before taxation of £537,014 in 2015. The underlying performance of the Company remained strong with a profit before taxation of £404,084 (2015 - £609,018). The company will be able to maintain positive cash balances for the foreseeable future and therefore the going concern basis of accounting has been adopted.

Principal risks and uncertainties

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. Continuing economic uncertainty in the world is a consideration and as such will be monitored as to any affect this may have on the business.

Key performance indicators

The board utilises a number of key performance indicators to enable consistent method of analysing performance. The key performance indicators, which are used by the board are as follows:

Gross profit margin performance for all customers

Gross profit margin measures the profit achieved on sales after taking account of the direct cost incurred for each customer. These trends are closely monitored and help ensure that all customer relationships are sustainable. This has improved to 63% (2015: 62%).

Net profit performance

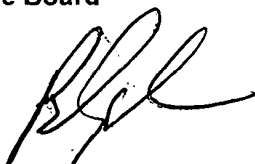
The net profit performance measures the net profit achieved after taking account the total costs incurred including both direct and indirect cost ie. profit on ordinary activities after taxation. This is used to compare the company's performance against prior year and forecasts, this year's net performance has reduced to 4% (2015: 7%)

Current ratio performance

The current ratio measures that the company has sufficient current assets to cover its current liability and used in the measurement of the company's liquidity. The current ratio is currently at 3 (2015: 3)

By order of the Board

B Gaskins
Director



Date

31. March 2017

Tinius Olsen Limited

Report of the directors for the year ended 31 December 2016

Directors

The directors of the company during the year were:

M Youings (Managing Director)
M J Wheeler
C R Tait III (American)
M Helton (American) – Resigned 27 February 2017
B Gaskins

The directors present their report together with the audited financial statements for the year ended 31 December 2016.

Results and dividends

The income statement is set out on page 6 and shows the profit for the year.

The directors do not recommend the payment of a dividend (2015 - £Nil).

Principal activities

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

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.

Future developments

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.

Tinius Olsen Limited

Report of the directors for the year ended 31 December 2016 (*continued*)

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.

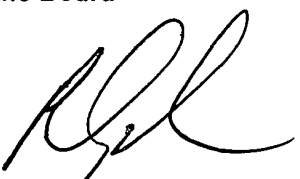
Auditors

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

B Gaskins
Director

Date


31. March 2017

Tinius Olsen Limited

Independent auditor's report

TO THE MEMBERS OF TINIVUS OLSEN LIMITED

We have audited the financial statements of Tinius Olsen Limited for the year ended 31 December 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows 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 Financial Reporting Council's (FRC'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
 - the strategic report and directors report have been prepared in accordance with applicable legal requirements.
-

Tinius Olsen Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

In the light of knowledge and understanding of the group and parent company and its environment obtained during the course of the audit, we have not identified material misstatements in the strategic report or the directors report.

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

- adequate accounting records have not been kept 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.


Sophia Michael (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 31/3/17

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

Tinius Olsen Limited

Consolidated income statement for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	6,162,096	6,743,324
Cost of sales		(2,258,899)	(2,574,672)
Gross profit		3,903,197	4,168,652
Distribution costs		(1,303,397)	(1,285,804)
Administrative expenses		(2,297,481)	(2,357,764)
Gain from changes in fair value of investment property		-	12,048
Other operating income		72,574	50,347
Operating profit	5	374,893	587,479
Interest receivable and similar income		4,221	3,647
Interest payable and similar charges	6	(50,136)	(54,112)
Profit on ordinary activities before taxation		328,978	537,014
Taxation on profit on ordinary activities	7	(76,033)	(64,287)
Profit on ordinary activities after taxation		252,945	472,727
Minority interest		(63,085)	45,360
Profit for the financial year		189,860	518,087

All amounts relate to continuing activities.

The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	2016 £	2015 £
Profit for the financial year	252,945	472,727
Currency translation differences	(113,069)	(4,832)
Total comprehensive income for the year	139,876	467,895
Profit for the financial year attributable to:		
Non-controlling interest	63,085	(45,360)
Owners of the parent company	189,860	518,087
	252,945	472,727
Total comprehensive income attributable to:		
Non-controlling interest	20,666	(46,273)
Owners of the parent company	119,210	514,168
	139,876	467,895

The notes on pages 14 to 26 form part of these financial statements

Tinius Olsen Limited

Consolidated balance sheet at 31 December 2016

<i>Company number 998521</i>	<i>Note</i>	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	9		1,929,367		1,581,346
Investment properties	10		500,000		500,000
			2,429,367		2,081,346
Current assets					
Stocks	12	1,731,095		1,660,000	
Debtors	13	2,094,885		1,672,251	
Cash at bank and in hand		795,945		1,416,549	
		4,621,925		4,748,800	
Creditors: amounts falling due within one year	14	1,762,635		1,610,700	
Net current assets			2,859,290		3,138,100
Total assets less current liabilities			5,288,657		5,219,446
Creditors: amounts falling due after more than one year	15		793,670		864,335
Net assets			4,494,987		4,355,111
Capital and reserves					
Called up share capital	16		18,000		18,000
Share premium account			558,000		558,000
Capital reserve			32,619		32,619
Profit and loss account			4,109,873		3,990,663
Shareholders' funds			4,718,492		4,599,282
Minority interest			(223,505)		(244,171)
			4,494,987		4,355,111

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

B Gaskins
Director



The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital £	Share premium £	Capital reserve £	Profit and loss account £	Equity attributable to owners of the parent company £	Non- controlling interests £	Total equity £
1 January 2016	18,000	558,000	32,619	3,990,663	4,599,282	(244,171)	4,355,111
Comprehensive income for the year							
Profit for the year	-	-	-	189,860	189,860	63,085	252,953
Currency translation differences	-	-	-	(70,650)	(70,650)	42,919	(113,069)
Total comprehensive income for the year	-	-	-	119,210	119,210	20,666	139,876
31 December 2016	18,000	558,000	32,619	4,109,873	4,718,492	223,505	4,494,987

The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital £	Share premium £	Capital reserve £	Profit and loss account £	Equity attributable to owners of the parent company £	Non- controlling interests £	Total equity £
1 January 2015	18,000	558,000	32,619	3,476,495	4,085,114	(197,898)	3,887,216
Comprehensive income for the year							
Profit for the year	-	-	-	518,087	518,087	(45,360)	472,727
Currency translation differences	-	-	-	(3,919)	(3,919)	(913)	(4,832)
Total comprehensive income for the year	-	-	-	514,168	514,168	(46,273)	(467,895)
31 December 2015	18,000	558,000	32,619	3,990,663	4,599,282	(244,171)	4,355,111

The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Consolidated statement of cash flows for the year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		252,945	472,727
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	5/9	118,981	84,407
Net interest payable	6	45,912	50,465
Taxation expense	7	76,033	64,287
Increase in trade and other debtors	13	(371,760)	(509,379)
Increase in stocks	12	(30,874)	(315,021)
Increase in trade and other creditors	14	52,241	168,092
Fair value gains recognised in income statement		-	(12,048)
Foreign exchange	5	(128,389)	(720)
Profit on disposal		(2,912)	-
Cash from operations		12,177	2,810
Interest paid	6	(50,136)	(54,112)
Taxation paid		(92,905)	(25,995)
Net cash generated from operating activities		(130,864)	(77,297)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		22,855	-
Purchases of tangible fixed assets	9	(482,515)	(41,082)
Interest received		4,221	3,647
Net cash from investing activities		(455,439)	(37,435)
Cash flows from financing activities			
Capital element of lease repaid		(2,669)	(3,578)
Repayment of loan	15	(65,545)	(62,045)
Net cash used in financing activities		(68,214)	(65,623)
Decrease in cash and cash equivalents		(654,517)	(180,355)
Cash and cash equivalents at beginning of year		1,416,549	1,595,514
Foreign exchange gains and losses		33,913	1,390
Cash and cash equivalents at end of year		795,945	1,416,549
Cash and cash equivalents comprise:			
Cash at bank and in hand		795,945	1,416,549
		795,945	1,416,549

The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Company balance sheet at 31 December 2016

<i>Company number 998521</i>	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	9		1,725,633		1,550,789
Investment properties	10		500,000		500,000
Investments	11		442,677		202,677
			2,668,310		2,253,466
Current assets					
Stocks	12	1,437,897		1,424,490	
Debtors	13	2,530,044		2,294,979	
Cash at bank and in hand		675,453		1,245,602	
			4,643,394		4,965,071
Creditors: amounts falling due within one year	14	930,795		1,124,146	
Net current assets			3,712,599		3,840,925
Total assets less current liabilities			6,380,909		6,094,391
Creditors: amounts falling due after more than one year	15		793,172		858,717
Net assets			5,587,737		5,235,674
Capital and reserves					
Called up share capital	16		18,000		18,000
Share premium account			558,000		558,000
Capital reserve			32,619		32,619
Profit and loss account			4,979,118		4,627,055
Shareholders' funds			5,587,737		5,235,674

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

B Gaskins
Director



The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Company statement of changes in equity for the year ended 31 December 2016

	Share capital £	Share premium £	Capital reserve £	Profit and loss account £	Total equity £
1 January 2015	18,000	558,000	32,619	4,082,323	4,690,942
Profit and total Comprehensive income for the year					
Profit for the year	-	-	-	544,732	544,732
31 December 2015	18,000	558,000	32,619	4,627,055	5,235,674
Profit and total Comprehensive income for the year					
Profit for the year	-	-	-	352,063	352,063
31 December 2016	18,000	558,000	32,619	4,979,118	5,587,737

The notes on pages 14 to 26 form part of these financial statements.

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies

Tinius Olsen Limited is a Private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the report of directors. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Tinius Olsen Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of the company and its subsidiary undertaking, Tinius Olsen-India Private Limited and Tinius Olsen Shanghai as at 31 December 2016 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 when the risks and rewards of ownership has passed to the customer. These criteria are considered to be met when the goods are despatched.

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016

1 Accounting policies (*continued*)

Tangible fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost or valuation, 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

Investment properties

Investment property is carried at fair value determined annually with reference to external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

All foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Research and development

All research and 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 - Lessor

All 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.

Leased assets - Lessee

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.

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Liquid resources

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

2 Analysis of turnover

	2016 £	2015 £
Analysis of turnover by country of destination:		
United Kingdom		
Rest of Europe	866,443	1,225,481
Rest of the world	1,225,968	1,226,016
	4,069,685	4,291,827
	<u>6,162,096</u>	<u>6,743,324</u>

3 Employees

Group	2016 £	2015 £
Staff costs consist of:		
Wages and salaries	2,230,926	2,251,603
Social security costs	226,077	229,579
Other pension costs	170,103	191,136
	<u>2,627,106</u>	<u>2,672,318</u>

The average number of employees during the year was:

	Number	Number
Office and management	12	12
Manufacturing	25	23
Sales and design	27	26
	<u>64</u>	<u>61</u>

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 £18,329 (2015 - £17,384).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

4 Directors

	2016 £	2015 £
Directors' remuneration consists of:		
Directors' emoluments	322,838	358,707
Company contributions to defined contribution pension scheme	46,226	48,343
	<u>369,064</u>	<u>407,050</u>

There were three directors in the company's defined contribution pension scheme during the year (2015 - three).

Emoluments of the highest paid director was £163,382 (2015 - £154,400). Company pension contributions of £ 20,487 (2015 - £19,987) were made to a defined contribution scheme on his behalf.

A pension of £15,000 (2015 - £15,000) was paid to a former director.

Key management personnel is considered to be the board of directors and total compensation paid to key management personnel is equal to directors remuneration.

5 Group operating profit

	2016 £	2015 £
This has been arrived at after charging/(crediting):		
Research & Development	282,845	351,746
Depreciation	118,981	84,407
Operating lease expense	23,783	24,349
Auditors' remuneration - audit services	68,741	51,948
Auditors' remuneration - taxation compliance services	6,222	4,212
Foreign exchange differences	(128,389)	4,563
Rental income	(49,022)	(38,299)
Inventory recognised as an expense	1,983,748	2,343,437
	<u>1,983,748</u>	<u>2,343,437</u>

6 Group interest payable and similar charges

	2016 £	2015 £
Lease interest	581	355
Loan interest	49,555	53,757
	<u>50,136</u>	<u>54,112</u>

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

7 Group taxation on ordinary activities

	2016 £	2015 £
<i>Current tax</i>		
UK Corporation tax	53,341	126,075
Foreign tax	24,012	-
Double tax relief	-	-
Adjustment in respect of previous periods	(33,170)	(60,753)
	<u>44,183</u>	<u>65,322</u>
<i>Deferred tax</i>		
Movement in the period	34,310	2,778
Adjustment in respect of previous periods	(2,981)	(4,834)
Effect of tax rate change	521	1,021
	<u>76,033</u>	<u>64,287</u>
Taxation charge on profit on ordinary activities		

The taxes assessed for the year is greater than (2015 - lower) the standard rate of Corporation tax in the UK. The differences are explained below.

	2016 £	2015 £
Profit on ordinary activities before tax	328,978	537,014
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	65,796	108,727
Effects of:		
Expenses not deductible for tax purposes	7,224	5,896
Changes in tax rates	(15,572)	-
Difference in tax rates	42,885	(14,912)
Unrecognised deferred tax	11,851	30,163
Over provision in respect of previous years	(33,170)	(65,587)
Over provision in respect of previous years-deferred tax	(2,981)	-
Current tax charge for year	<u>76,033</u>	<u>64,287</u>

8 Profit of parent company

As permitted by Section 408 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 £ 352,063 (2015 - £544,732).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

9 Tangible assets – Group

	Investment property	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£	£
<i>Cost</i>						
At 1 January 2016	500,000	2,096,471	450,176	138,285	542,368	3,727,300
Additions	-	-	238,148	10,800	233,567	482,515
Disposals	-	-	(15,969)	(37,142)	-	(53,111)
Exchange differences			2,741	3,433	2,027	8,200
At 31 December 2016	500,000	2,096,471	675,096	115,376	777,962	4,164,905
<i>Depreciation</i>						
At 1 January 2016	-	602,434	432,237	117,130	494,153	1,645,954
Charge for the year	-	36,818	27,217	5510	49,436	118,981
Disposals	-	-	(26)	(33,142)	-	(33,168)
Exchange differences	-	-	156	1,949	1,666	3,771
At 31 December 2016	-	639,252	459,584	91,447	545,255	1,735,538
<i>Net book value</i>						
At 31 December 2016	500,000	1,457,219	215,512	23,929	232,707	2,429,367
At 31 December 2015	500,000	1,494,037	17,939	21,155	48,215	2,081,346

Finance Leases

The net book value of Motor Vehicles above includes an amount of £ 6,958 (2015 - £9,126) in respect of assets held under finance leases. The related depreciation charge on these assets was £ 3,652 (2015 - £3,083).

Investment Properties

The group and company's investment properties are valued annually on 31 December at fair value. The property was independently, professionally valued at 31 December 2015 in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuations Manual. At December 2016, the Directors have fair valued the property with reference to the previous professional valuation and giving consideration to current market conditions and rateable values of properties in the area.

If investment property had been accounted for under the historic cost accounting rules, the property would have been carried at its historical cost being £673,187 (£673,187).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

9 Tangible assets - Company

	Investment property £	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total
<i>Cost</i>						
At 1 January 2016	500,000	2,096,471	433,333	117,180	529,913	3,676,897
Additions	-	-	238,148	10,800	30,836	279,784
Disposal	-	-	-	(37,142)	-	(37,142)
At 31 December 2016	500,000	2,096,471	671,481	90,838	560,749	3,919,539
<i>Depreciation</i>						
At 1 January 2016	-	602,401	431,278	105,151	487,278	1,626,108
Provided for the year	-	36,818	27,217	2,763	34,142	100,940
Disposal	-	-	-	(33,142)	-	(33,142)
At 31 December 2016	-	639,219	458,495	74,772	521,420	1,693,906
<i>Net book value</i>						
At 31 December 2016	500,000	1,457,252	212,986	16,066	39,329	2,225,633
At 31 December 2015	500,000	1,494,070	2,055	12,029	42,635	2,050,789

The net book value of tangible assets includes an amount of £ NIL (2015 - £Nil) in respect of assets held under finance leases. The related depreciation charge for year was £ NIL (2015 - £Nil).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

10 Fixed assets investments

Company	Subsidiary undertaking £
Cost	
At 1 January 2016	202,677
Additions	240,000
At 31 December 2016	442,677

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 India Private Limited accounting year end is the 31 March. This is common with the majority of Indian companies and coincides with year end of the minority interest holder.			
Tinius Olsen Testing Machine Company Shanghai Limited	Peoples Republic of China	100%	Producers of load test Equipment

11 Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and goods for resale	342,548	539,834	393,058	511,727
Raw materials and consumables	411,037	253,746	68,998	47,394
Work in progress	977,510	866,420	975,841	865,369
	1,731,095	1,660,000	1,437,897	1,424,490

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

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

12 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,105,968	1,133,110	695,303	801,482
Other debtors	148,578	38,904	21,318	29,499
Prepayments and accrued income	123,814	151,199	112,833	142,350
Amounts owed by group undertakings	716,525	349,038	1,700,590	1,321,648
	<u>2,094,885</u>	<u>1,672,251</u>	<u>2,530,044</u>	<u>2,294,979</u>

All amounts fall due for payment within one year.

Included within amounts owed by group undertakings for the Company is an amount of £1,049,167 due from Tinius Olsen India Private Limited. This subsidiary has net liabilities of £558,753, no provision has been recognised on this balance as the ultimate parent has provided support for this balance.

13 Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Payments received on account	128,007	251,651	79,204	106,063
Trade creditors	800,698	797,825	299,192	392,638
Amounts owed to group undertakings	400,520	92,271	214,174	217,323
Other taxation and social security	94,861	132,269	87,607	192,171
Corporation tax	76,033	64,287	52,021	127,884
Accruals and deferred income	256,850	268,305	198,597	215,951
Obligations under finance lease	5,666	4,092	-	-
	<u>1,762,635</u>	<u>1,610,700</u>	<u>930,795</u>	<u>1,124,146</u>

14 Creditors: amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts owed to group undertakings	793,172	858,717	793,172	858,717
Obligations under finance lease	498	5,618	-	-
	<u>793,670</u>	<u>864,335</u>	<u>793,172</u>	<u>858,717</u>

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

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

Group and company	Amounts due to parent undertaking 2016 £	Amounts due to parent undertaking 2015 £	Finance leases 2016 £	Finance leases 2015 £
Maturity of debt:				
In one year or less, or on demand	65,545	62,045	5,618	4,384
In more than one year but not more than two years	69,242	65,544	498	4,873
In more than two years but not more than five years	232,055	219,665	-	429
In more than five years	491,875	573,508	-	-
	793,172	858,717	498	5,302

Amounts due to parent undertaking comprise one loan of £793,17217 (2015 - £858,717).

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

The 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 Provision for liabilities

	2016 £	2015 £
Deferred tax at 31 December	25,441	(6,049)

17 Share capital

	2016 £	2015 £
Allotted, issued and fully paid 18,000 Ordinary shares of £1 each	18,000	18,000

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

18 Commitments under operating leases

The group and company had minimum lease payments under non-cancellable operating leases as set out below:

	2016 £	2015 £
Operating leases which expire:		
Not later than 1 year	29,779	30,014
Later than 1 year and not later than 5 years	51,116	44,610
	<u>80,895</u>	<u>74,624</u>

19 Other commitments

As of March 2009, Tinius Olsen Limited has a commitment to purchase 1,000 shares of Tinius Olsen India PVT Limited at fair value from Aimil Limited.

At the year-end there were capital commitments in relation to future years totalling £NIL (2015 - £140,910).

Tinius Olsen Limited

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

20 Related party transactions

Related party transactions and balances

During the year ended 31 December 2016, the company made sales of £989,497 (2015 - £1,058,265) to Tinius Olsen Testing Machine Company, a fellow group undertaking, at arm's length. Trade debtors include £371,870 (2015 - £276,799) and other debtors £52,513 (2015 - £84,336) due from Tinius Olsen Testing Machine Company.

The company also made purchases of £111,362 (2015 - £209,372) from its parent company during the year. Trade creditors include £Nil (2015 - £37,108) due to the parent company.

The company received other recharges and commissions amounting to £140,784 (2015 - £165,302) which includes accrued commission due of £52,513 (2015 - £84,336) from its parent company during the year £51,567 (2015 - £Nil) was outstanding at the year-end.

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.

During the year end 31 December 2016, the company made sales of £116,918 to Tinius Olsen Testing Machine Company Shanghai Ltd Trade Debtors Include £116,918.

During the Year ended 31 December 2016 Tinius Olsen Testing Machine Company Shanghai Ltd Purchased from Tinius Olsen Testing Machine Company of £114,459 the trade creditors include £114,459 due from Tinius Olsen Testing Machine Company Shanghai Ltd.

During the year ended 31 December 2016, the company made trade sales of £417,611 (2015 - £250,496) and royalties of £83,104 (2015 - £90,126) to Tinius Olsen India PVT Ltd, a related undertaking, at arm's length. Trade debtors include £1,229,488 (2015 - £968,520) due from Tinius Olsen India PVT Ltd.

The company also made purchases of £149,984 (2015 - £100,515) from Tinius Olsen India PVT Ltd and marketing recharge of £63,191 during the year (2015 - £65,671). Trade creditors include £ 148,629 (2015 - £118,265) due to Tinius Olsen India PVT Ltd.

Tinius Olsen India PVT Ltd made sales of £263,922 (2015 - £87,471) to Tinius Olsen Testing Machine Company. Tinius Olsen India PVT Ltd made purchases of £ 8,835 (2015 - £3,005) from Tinius Olsen Testing Machine Company. Trade creditors included £220,216 (2015 - £112,292) due to Tinius Olsen Testing Machine Company

Tinius Olsen India PVT Ltd made sales of £10,444 to Tinius Olsen Testing Machine Company Shanghai Ltd. Trade Debtors include £10,444 to Tinius Olsen Testing Machine Company Shanghai Ltd.

Tinius Olsen India PVT Ltd made sales of £161,438 (2015 - £71,637) to Aimil Ltd and a related party. Tinius Olsen India PVT Ltd made purchases of £ 113,011 (2015 - £144,872) and was charged commission of £71,493 (2015 - £35,232) from Aimil Ltd and a related party. Trade creditors include £412,783 (2015 - £291,018) due to Aimil Ltd and a related party.

21 Ultimate parent company and parent undertaking of larger group

At 31 December 2016, 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.