SCOTT-MONCRIEFF

EDINBURGH AND GLASGOW

DORMY LIMITED

Financial Statements
For the year ended 31 December 2007

Company number: 151549

DORMY LIMITED

Financial Statements
For the year ended 31 December 2007

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Company Information

Company registration number.	151549
Country of incorporation.	England and Wales
Registered office	Unit 4 Wharton Street Birmingham B7 5TR
Principal place of business:	144 Neilston Road Paisley PA2 6QH
Directors·	M Peduzzi A Feldbauer I P Bradbeer M Wuercher D F Marchant
Secretary:	D F Marchant
Principal banker:	Bank of Scotland plc Glasgow Chief Office 110 St Vincent Street Glasgow G2 5EJ
Auditors·	Scott Moncrieff Registered Auditors Chartered Accountants 25 Bothwell Street Glasgow G2 6NL

Report of the Directors

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2007

Principal Activity
The company is principally engaged in the manufacture and distribution of marking products

Results and Dividends
There was a profit for the year after taxation amounting to £213,368 (2006 £113,574) The Directors did not recommend the payment of a dividend during the year

Post balance sheet events
On 30 September 2008, the operations of the company were hived-up to the parent undertaking Trodat (UK) Limited

Directors
The present membership of the Board is set out below All served throughout the year unless otherwise indicated

M Peduzzi
A Feldbauer
I P Bradbeer
W Wuercher
D F Marchant

Directors' Responsibilities
Company law requires the directors to prepare the financial statements for each financial year which 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 director is required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Report of the Directors

Disclosure of Information to Auditors

As far as each of the Directors at the time the report is approved are aware -

a) there is no relevant information of which the company's auditors are unaware, and
b) 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 auditors are aware of that information

Auditors

Scott-Moncrieff were appointed as auditors of the company during the year

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditors will be put to members at the annual general meeting

BY ORDER OF THE BOARD

T P Bradbeer
Director

14 October 2008

Independent Auditors' Report to the Shareholders of Dormy Limited

We have audited the financial statements of Dormy Limited for the year ended 31 December 2007 which comprise the principal accounting policies, the income statement, the balance sheet, statement of recognised income and expenditure, the cash flow statement and notes 1 to 21 These financial statements have been prepared in accordance with the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors' 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
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent Auditors' Report to the Shareholders of Dormy Limited

Opinion

In our opinion -

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the financial statements

Scott-Moncrieff

Scott-Moncrieff
Chartered Accountants
Registered Auditors
25 Bothwell Street
Glasgow
G2 6NL

14 October 2008

Income Statement
For the year ended 31 December 2007

	Note	2007 £	2006 £
Continuing Operations			
Revenue	5	6,233,977	5,706,509
Cost of sales		(3,055,507)	(2,840,642)
Gross profit		3,178,470	2,865,867
Administrative expenses		(2,965,102)	(2,732,293)
Profit from operations		213,368	133,574
Finance costs	7	-	(20,000)
Profit before taxation	6	213,368	113,574
Taxation	9	-	-
Profit for the year	15	213,368	113,574

STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2007 £	2006 £
Actuarial gain on defined benefit pension scheme	17	372,000	380,000
Net gain recognised directly in equity		372,000	380,000
Profit for the year		213,368	113,574
Total recognised income and expenditure for the year		585,368	493,574
Attributable to Equity holders of the parent		585,368	493,574

Balance Sheet
As at 31 December 2007

	Note	2007 £	2006 £
Non-current assets			
Property, plant and equipment	10	792,563	676,878
Current assets			
Inventories	11	815,569	848,126
Trade and other receivables	12	5,457,920	4,844,079
Cash and cash equivalents		1,349,278	1,757,418
		7,622,767	7,449,623
Total assets		8,415,330	8,126,501
Current liabilities			
Trade and other payables	13	(6,621,247)	(6,080,114)
Net current assets		1,001,520	1,369,509
Non-current liabilities			
Retirement benefit obligations	17	(875,328)	(1,713,000)
Total non-current liabilities		(875,328)	(1,713,000)
Net assets		918,755	333,387
Equity			
Share capital	14	14,106	14,106
Retained earnings	15	904,649	319,281
Equity attributable to equity shareholders	15	918,755	333,387

The financial statements were approved and authorised for issue by the Board of Directors on 14 October 2008and approved on their behalf by -

I P Bradbeer
Director

Cash Flow Statement
For the year ended 31 December 2007

	Note	2007 £	2006 £
Net cash (used in)/generated by operating activities	16	(220,892)	346,883
Investing activities			
Purchases of property, plant and equipment		(187,248)	(20,614)
Sales of property, plant and equipment		-	2,351
Net cash (used in) investing activities		(187,248)	(18,263)
Cash flows used in financing activities			
Interest paid		-	-
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(408,140)	328,620
Cash and cash equivalents at the beginning of the year		1,757,418	1,428,798
Cash and cash equivalents at the end of the year		1,349,278	1,757,418
Comprising:			
Cash		1,349,278	1,757,418

Notes to the Financial Statements
For the year ended 31 December 2007

1. **General information**
Dormy Limited is a company incorporated in the United Kingdom The address of its registered office and principal place of business are disclosed in the Company Information Section of the financial statements The principal activity of the company is described on page 2

2 **Statement of compliance**
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)

3 **Summary of significant accounting policies**
The accounting policies adopted in the preparation of these financial statements are set out below These policies have been consistently applied to each year presented unless otherwise stated

Basis of preparation
The financial statements have been prepared under the historical cost convention and, in accordance with IFRSs, and IFRIC interpretations endorsed by the European Union

Adoption of new and revised standards
In the current year, the company has adopted IFRS 7 Financial Instruments Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments and management of capital

The following standards, amendments and interpretations became effective during the year, but are not relevant to the company's operations

IFRIC 7	Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

At the year-end the following standards, amendments and interpretations, which have not been applied in these financial statements, were in issue but not yet effective

IAS 1 (revised)	Presentation of Financial Statements

At the year-end the following standards, amendments and interpretations were in issue but not yet effective and are not expected to be relevant to the company's operations

IAS 23 (amendment)	Borrowing Costs
IFRS 8	Operating Segments
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

3 Summary of significant accounting policies (cont'd)

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of the business, net of discounts, VAT and other sales related taxes Sales of goods are recognised when goods are delivered and title passes

Property, plant and equipment
The company elected, on adoption of IFRS at the date of transition, 1 January 2005, to freeze the cost of plant, property and equipment at their revalued amount

At each balance sheet date, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Recoverable amount is the higher of fair value less costs to sell and value in use Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

Depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and recognised impairment loss

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives The estimated useful lives, residual values and depreciation method are reviewed by class of asset at each year end, with any changes in estimate accounted for on a prospective basis The rates generally applicable are -

Freehold buildings	2% on cost
Plant and machinery	10 – 20% on cost
Motor vehicles	20 – 33% on cost
Fixtures and fittings	10 – 20% on cost

Inventories
Inventories are valued at the lower of cost and net realisable value Cost comprises direct material and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is calculated using the weighted average method Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value

3. Summary of significant accounting policies (cont'd)

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax Current tax including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Foreign currencies
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction

Foreign currency assets and liabilities held at the balance sheet date are retranslated at the exchange rates ruling at that date Any resulting exchange profit or loss is dealt with in the Income Statement

Employee benefits – Retirement Benefit costs
Defined contribution scheme
The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

Defined benefit scheme
The company operates an externally managed contributory Retirement Benefits Scheme The expected costs of providing pensions under this Scheme, as calculated by qualified actuaries using the projected unit method, is charged to the Income Statement so as to spread the cost over the service lives of the current employees

Actuarial gains and losses are recognised in full in the Statement of Recognised Income and Expense as they are incurred

Leases
All leases are regarded as operating leases and the payments made under them are charged to the Income Statement on a straight line basis over the lease term

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities Equity instruments issued are recorded at the proceeds received, net of direct issue costs

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the company to make estimates and assumptions that affect the application of policies and reported amounts Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances If in the future should such estimates and assumptions deviate from actual circumstances, the original estimates and assumptions would be modified as appropriate in the year in which circumstances change

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below

Impairment of assets

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable When a review for impairment is conducted, the recoverable amount of an asset is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates

Defined benefit scheme

The company has a defined benefit scheme for its employees The present value of the scheme's liabilities recognised at the balance sheet date has been calculated based on key assumptions and estimates of future events as set out in note 17

5 Revenue

All revenue paid in the period was derived from the sale of goods and originated entirely from within the United Kingdom

6. Profit on ordinary activities before taxation	**2007 £**	**2006 £**
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration	17,500	18,500
Depreciation and amounts written off property plant and equipment - owned	71,563	85,423
Other operating lease rentals	45,492	44,827
Profit on disposal of tangible fixed assets	-	(400)
Staff costs (Note 8)	1,754,693	1,598,689

7. Finance costs

Net finance cost on defined benefit pension scheme	-	20,000

		2007 £	2006 £
8	**Directors and employees**		
	Remuneration in respect of directors was as follows -		
	Emoluments	239,840	196,483
	Compensation for loss of office	-	30,000
	Pension costs	14,548	50,400
		254,387	276,883
	Remuneration in respect of the highest paid director was as follows		
	Emoluments	151,919	130,112
	Pension contributions	10,800	-
		162,719	130,112
	Number of directors accruing benefits in the defined benefits pension scheme	-	1

Staff Costs

Staff costs during the year were as follows -

	2007 £	2006 £
Wages and salaries	1,555,356	1,390,965
Social security costs	147,478	133,425
Pension costs – operating charge	51,859	54,299
Operating staff costs	1,754,693	1,578,689
Pension costs – net finance cost	-	20,000
	1,754,693	1,598,689

The average number of employees of the company during the year was 83 (2006 78)

		2007	2006
9	**Tax on profit on ordınary activities**	**£**	**£**
	The tax charge represents		
	UK corporatıon tax at 30% (2006 30%)	-	-
	Deferred tax adjustments ın respect of prıor years	-	-
		-	-

Unrelıeved tax losses of £2,853,479 (2006 £2,541,962) remaın avaılable to offset agaınst future taxable tradıng profits

Factors affecting the tax charge for the year

The tax assessed for the year dıffers from the standard rate of corporatıon tax ın the Unıted Kıngdom of 30% (2006 30%) The dıfferences are explaıned below -

	2007	2006
Profit on ordınary actıvıtıes before taxatıon	213,368	113,574
Profit on ordınary actıvıtıes before taxatıon multıplıed by standard rate of corporatıon tax ın the Unıted Kıngdom of 30% (2006 30%)	64,010	34,072
Effect of		
Expenses not deductıble for tax purposes	3,863	6,084
Capıtal allowances ın excess of depreciatıon	(25,240)	22,349
Other short term tımıng dıfferences	(136,088)	(81,848)
Trade losses not utılısed	93,455	19,343
	-	-

Notes to the Financial Statements
For the year ended 31 December 2007

10. Property, plant and equipment	**Freehold Land and Buildings £**	**Plant and Machinery £**	**Motor Vehicles £**	**Fixtures and Fittings £**	**Total £**
Cost					
At 1 January 2006	643,889	1,887,940	3,430	877,950	3,404,647
Additions	-	8,202	-	12,412	20,614
Disposals	-	-	(3,430)	(2,181)	(5,611)
At 1 January 2007	643,889	1,887,940	-	887,821	3,419,650
Additions	-	33,010	-	154,238	187,248
Disposals	-	-	-	-	-
At 31 December 2007	643,889	1,920,950	-	1,042,059	3,606,898
Depreciation					
At 1 January 2006	85,008	1,811,488	3,430	761,083	2,661,009
Charge for year	12,878	23,219	-	49,326	85,423
Eliminated on disposal	-	-	(3,430)	(230)	(3,660)
At 1 January 2007	97,886	1,834,707	-	810,179	2,742,772
Charge for year	12,878	21,050	-	37,635	71,563
Eliminated on disposal	-	-	-	-	-
At 31 December 2007	110,764	1,855,757	-	847,814	2,814,335
Net book amount					
At 31 December 2007	533,125	65,193	-	194,245	792,563
Net book amount					
At 31 December 2006	546,003	53,233	-	77,642	676,878

11. Inventories	**2007 £**	**2006 £**
Raw materials and consumables	444,614	411,313
Work in progress	4,177	4,399
Finished goods and goods for resale	366,778	432,414
	815,569	848,126

The cost of inventories recognised as an expense during the year was £2,279,948 (2006 £2,209,967)

The cost of inventories recognised as an expense includes £1,500 (2006 £Nil) in respect of write downs of inventory to net realisable value

Notes to the Fınancıal Statements
For the year ended 31 December 2007

12. Trade and other receivables	**2007 £**	**2006 £**
Trade receıvables	1,706,450	1,676,450
Amounts owed by parent undertakıngs	3,607,516	2,990,853
Amounts owed by group undertakıngs ´	27,370	70,366
Amounts owed by associated undertakıngs	-	9,178
Prepayments and accrued ıncome	116,584	97,232
	5,457,920	4,844,079

All of the trade and other receıvables above were receıvable under normal commercıal terms, 30 to 60 days The dırectors consıder that the carryıng value of trade and other receıvables approxımates to theır faır value Debtors days were 91 days (2006 99 days) A bad debt provısıon of £13,253 (2006 £17,676) was held agaınst receıvables

13. Trade and other payables	**2007 £**	**2006 £**
Trade payables	443,542	443,371
Amounts owed to parent undertakıngs	4,812,035	4,120,229
Amounts owed to group undertakıngs	789,831	966,213
Amounts owed to associated undertakıngs	-	850
Socıal securıty and other taxes	168,289	191,116
Accruals and deferred ıncome	407,550	358,335
	6,621,247	6,080,114

Trade purchases are made under normal commercıal terms, generally 30 days The dırectors consıder that the carryıng value of trade and other payables approxımates to theır faır value

Notes to the Financial Statements
For the year ended 31 December 2007

14. Share capital	**2007 £**	**2006 £**
Authorised		
19,400 Ordinary shares of £1 each	19,400	19,400
Nil 10% cumulative preference shares of £1 each	-	-
	19,400	19,400
Allotted, called up and fully paid		
14,106 Ordinary shares of £1 each	14,106	14,106
Nil 10% cumulative preference shares of £1 each	-	-
	14,106	14,106
Equity shares		
14,106 Ordinary shares of £1 each	14,106	14,106

Reclassification of cumulative preference shares

On 3 August 2006, the company reclassified all of the issued cumulative preference shares of £1 each as ordinary shares of £1 each ranking pari passu in all aspects with the existing ordinary shares of £1 each

15. Statement of changes in equity	**Share Capital £**	**Retained Earnings £**	**Total £**
At 1 January 2006	9,706	(174,293)	(164,587)
Actuarial gain on defined benefit pension scheme	-	380,000	380,000
Reclassification of preference shares	4,400	-	4,400
Profit for the year	-	113,574	113,574
Total recognised income for the year	4,400	493,574	497,974
At 1 January 2007	14,106	319,281	333,387
Actuarial gain on defined benefit pension scheme	-	372,000	372,000
Reclassification of preference shares	-	-	-
Profit for the year	-	213,368	213,368
Total recognised income for the year	-	585,368	585,368
At 31 December 2007	14,106	904,649	918,755

Notes to the Financial Statements
For the year ended 31 December 2007

16. Note to the cash flow statement	2007 £	2006 £
Operating profit	213,368	133,574
Depreciation of property, plant and equipment	71,563	85,423
Profit on sale of property, plant and equipment	-	(400)
Other non-cash movements affecting earnings	(465,672)	(241,000)
Operating cash flows before movement in working capital	(180,741)	(22,403)
Decrease/(increase) in inventories	32,557	(258,186)
Increase in receivables	(613,841)	(880,318)
Increase in payables	541,133	1,507,790
Cash (used in)/generated by operations	(220,892)	346,883

17. Pensions

The group, of which the company is a member, operates a defined benefit scheme and a defined contribution scheme for principal UK subsidiary companies The assets of both schemes are held separately from those of the group

The contributions to the defined benefit scheme are determined by a qualified actuary with the most recent valuation being at 1 January 2006 The principal financial assumptions used in the valuation were as follows -

Average long term rate of investment return pre-retirement	5 5% per annum
Average long term rate of investment return post-retirement	4 75% per annum
Average rate of increase in pensionable earnings	4 75% per annum
Retail price inflation	2 75% per annum
Pensions in payment to escalate at	3% per annum
Pensions in deferment to escalate at	2 75% per annum

The market value of the scheme's assets was £6,999,000 at the date of valuation The actuarial value of the assets at the date of the valuation represented 75% of the value of the liabilities The recommendation of the actuary was that, with effect from 1 April 2007, the employer's contribution rate to the scheme was to be maintained at 23 8% of pensionable salaries The Trustees have subsequently put in place a recovery plan, dated 28 March 2007, which is expected to remove the deficit over a 14 year period, by way of annual employer contributions of £146,000 The scheme closed to future accrual as at 30 September 2007 The next actuarial valuation is due at 1 January 2009

A defined contribution pension scheme has been in operation since June 2000 The existing pension scheme continues to operate for existing employees However, all new employees are eligible only to join the new pension scheme

The total group pension charge for the year was as follows -

	2007 £	2006 £
Defined contribution scheme	34,859	26,299
Defined benefit scheme	17,000	28,000
	51,859	54,299

Notes to the Financial Statements
For the year ended 31 December 2007

17. Pensions (cont'd)

IAS 19 "Employee Benefits"

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation at 1 January 2006 and updated to take account of the requirements of IAS 19, in order to assess the liabilities of the scheme at 31 December 2007 The financial assumptions used to calculate scheme liabilities under IAS 19 were -

		Projected unit 2007	2006
Discount rate		5 75%	5 25%
Salary increase rate		n/a	3 00%
Inflation rate		3 25%	3 00%
Pension increase rate	- pensioners	3 50%	3 25%
	- deferred pensioners	3 25%	3 00%

The assets in the scheme and the expected rate of return were -

	Long term rate of return expected at 31 December 2007	Value as at 31 December 2007 £000	Long term rate of return expected at 31 December 2006	Value as at 31 December 2006 £000
Equities	7 50%	3,098	7 50%	4,116
Bonds	5 75%	2,863	5 00%	2,849
Cash	5 75%	26	5 00%	6
Total market value of assets		5,987		6,971
Present value of scheme liabilities		(6,862)		(8,684)
Deficit in the scheme		(875)		(1,713)

The following amounts have been recognised in the income statement under the requirements of IAS 19

	2007 £000	2006 £000
Operating profit		
Gain on settlement	(47)	(200)
Current service cost	17	28
Past service cost	-	48
Total operating (income)/charge	(30)	(124)
Other finance costs		
Expected return on pension scheme assets	412	430
Interest cost	(412)	(450)
Net return	-	(20)

17. Pensions (cont'd)

Statement of recognised income and expense (SORIE):	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	(170)	53
Experience gains and losses arising on the scheme liabilities	120	93
Changes in the assumptions underlying the present value of scheme liabilities	422	234
Total gain recognised in SORIE	372	380

Movements in the present value of defined benefit obligations were as follows -	2007	2006
	£000	£000
At 1 January	8,684	9,312
Current service cost	17	28
Past cost service	-	48
Contributions from scheme members	4	7
Interest cost	412	450
Benefits paid	(1,666)	(634)
Actuarial loss	(589)	(527)
At 31 December	6,862	8,684

Movements in the fair value of the scheme assets were as follows -	2007	2006
	£	£
At 1 January	6,971	6,998
Expected return on assets	412	430
Company contributions	436	117
Employee contributions	4	7
Benefits paid	(1,666)	(634)
(Loss)/gain on assets	(170)	53
At 31 December	5,987	6,971

The actual return on scheme assets was £242,000 (2006 £483,000)

History of experience gains and losses	2007	2006
	£	£
Experience adjustment on scheme liabilities	170	(93)
Percentage of scheme liabilities	2 8%	1 1%
Experience adjustment on scheme assets	(120)	(53)
Percentage of scheme assets	(1 7%)	0 8%

Notes to the Financial Statements
For the year ended 31 December 2007

	2007	2006
18. Operating Lease Commitments	**£**	**£**

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows -

	2007 £	2006 £
Within one year	32,054	45,492
In the second to fifth years inclusive	85,570	38,711
	117,624	84,203

Operating lease payments represent factory facilities with lease terms of 5 years, and motor vehicles and equipment with lease terms varying from 2 to 5 years

The company does not have the option to purchase the leased assets at the expiry of the lease period

19. Financial assets and liabilities

Capital risk management
The capital structure of the company consists of cash and cash equivalents The company has an amalgamated group overdraft facility to assist in the management of liquidity risk which is due to expire on 21 September 2008 The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns

Financial risk management objectives
A treasury policy has been established which sets out the financial objectives of the company The Directors monitor and manage the financial risks relating to the operations of the company through internal management reports

Market risk
The company's market risk is primarily attributable to fluctuations in foreign currency The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities

The exposure to foreign exchange risk is not considered to be significant

Notes to the Financial Statements
For the year ended 31 December 2007

19 Financial assets and liabilities (cont'd)

Credit risk management

The company's credit risk is primarily attributable to its trade receivables Maximum credit risk exposure is limited to the carrying amount recognised in the balance sheet

Risk is managed by assessment of all significant new customers prior to agreement to trade and regular review of overdue debt by management

Included in the company's trade receivable balance are overdue balances totalling £709,768 (2006, £265,607) The Directors consider all balances to be fully recoverable with the exception of £13,253 (2006, £17, 677) which has been provided for

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors The company manages liquidity risk by maintaining both short and long term cash flow forecasts The company has an amalgamated group overdraft facility

The financial risk on liquid funds is limited because the counterparty is a bank with a high credit rating

Fair value of financial instruments

The directors consider that there is no significant difference between the book value and fair value of the company's financial assets and liabilities

20. Related Party Transactions

The company undertook trading transactions during the ordinary course of business with related parties during the year and had balances outstanding with these parties at 31 December -

	Revenue		Receivable		Expenditure		Payable	
	2007	2006	2007	2006	2007	2006	2007	2006
	£	£	£	£	£	£	£	£
Parent undertaking								
Trodat UK Limited	-	-	3,607,516	2,990,853	220,569	164,191	4,812,035	4,120,229
Group undertaking								
Trodat GmbH	407,235	375,555	1,383	934	1,745,172	1,550,889	602,592	779,718
Trodat Produktions Gmbh	20,801	20,091	-	67,219	79,180	103,957	22,502	131,138
Trodat Marking Devices (Xiamen) Co Limited	-	2,316	-	2,213	200,256	249,878	126,561	55,357
Trodat France SAS	72	-	72	-	-	-	-	-
Trotec GmbH	-	-	-	-	-	-	31,694	-
Trodat Marking Products Inc	-	974	81	-	-	-	-	-
Trotec Laser UK	33,873	-	25,833	-	-	-	3,583	-
Trodat Trading (Xiamen) Co Ltd	-	-	-	-	5,179	-	2,898	-
Associated undertaking								
XYZMO Software GmbH	-	-	-	9,178	-	-	-	850

Notes to the Financial Statements
For the year ended 31 December 2007

21. Immediate and ultimate parent undertaking

The immediate parent undertaking is Trodat (UK) Limited The largest group of undertakings for which group accounts have been prepared is that headed by Trodat GmbH, a company incorporated in Austria

The directors consider that the ultimate parent undertaking of this company is Trodat GmbH, incorporated in Austria Copies of group accounts for the ultimate parent undertaking may be obtained from its registered office

22. Post balance sheet events

On 30 September 2008, the operations of the company were hived-up to the parent undertaking Trodat (UK) Limited