

**DORMY LIMITED**

**Financial Statements  
For the year ended 31 December 2008**

**Company number: 151549**

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**DORMY LIMITED**

**Financial Statements  
For the year ended 31 December 2008**

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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  
I P Bradbeer  
M Wuercher  
D F Marchant

**Secretary:** D F Marchant

**Principal banker:** Bank of Scotland plc  
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 2008.

**Principal Activity**

Until 30 September 2008, the company was principally engaged in the manufacture and distribution of marking products. From that date on, the company did not trade.

**Results and Dividends**

There was a loss for the year after taxation amounting to £918,755 (2007 : Profit £213,368).

This loss is stated after charging restructuring costs of £1,106,208 which related to the hive-up of operations to the parent undertaking Trodat (UK) Limited on 30 September 2008.

The Directors did not recommend the payment of a dividend during the year.

**Directors**

The present membership of the Board is set out below. All directors served throughout the year.

M Peduzzi  
A Feldbauer – resigned 27 March 2009  
I P Bradbeer  
W Wuercher  
D F Marchant

**Statement of 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**

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**



**I P Bradbeer**  
**Director**

Dated: 5 May 2009

**Independent Auditors' Report to the Shareholders of Dormy Limited**

We have audited the financial statements of Dormy Limited for the year ended 31 December 2008 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 2008 and of its loss 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  
Chartered Accountants  
Registered Auditors  
25 Bothwell Street  
Glasgow  
G2 6NL

Dated: 5 May 2009

**Income Statement**  
**For the year ended 31 December 2008**

	Note	2008 £	2007 £
<b>Discontinued Operations</b>			
Revenue	5	4,927,559	6,233,977
Cost of sales		<u>(2,502,145)</u>	<u>(3,055,507)</u>
<b>Gross profit</b>		2,425,414	3,178,470
Administrative expenses		(2,237,961)	(2,965,102)
Restructuring costs	7	<u>(1,106,208)</u>	<u>-</u>
<b>(Loss)/profit from operations</b>		(918,755)	213,368
Finance costs		<u>-</u>	<u>-</u>
<b>(Loss)/profit before taxation</b>	6	(918,755)	213,368
Taxation	9	<u>-</u>	<u>-</u>
<b>(Loss)/profit for the year</b>	15	<u><u>(918,755)</u></u>	<u><u>213,368</u></u>

All of the company's operations were discontinued on 30 September 2008 following the hive-up of operations to the parent company, Trodat (UK) Limited.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**

Actuarial gain on defined benefit pension scheme	17	<u>-</u>	<u>372,000</u>
Net gain recognised directly in equity		-	372,000
(Loss)/profit for the year		<u>(918,755)</u>	<u>213,368</u>
<b>Total recognised income and expenditure for the year</b>		<u><u>(918,755)</u></u>	<u><u>585,368</u></u>
Attributable to :			
Equity holders of the parent		<u>(918,755)</u>	<u>585,368</u>



**Balance Sheet**  
**As at 31 December 2008**

	Note	2008 £	2007 £
<b>Non-current assets</b>			
Property, plant and equipment	10	-	792,563
<b>Current assets</b>			
Inventories	11	-	815,569
Trade and other receivables	12	-	5,457,920
Cash and cash equivalents		-	1,349,278
		-	7,622,767
<b>Total assets</b>		-	8,415,330
<b>Current liabilities</b>			
Trade and other payables	13	-	(6,621,247)
Net current assets		-	1,001,520
<b>Non-current liabilities</b>			
Retirement benefit obligations	17	-	(875,328)
<b>Total non-current liabilities</b>		-	(875,328)
<b>Net assets</b>		-	918,755
<b>Equity</b>			
Share capital	14,15	14,106	14,106
Retained earnings	15	(14,106)	904,649
<b>Equity attributable to equity shareholders</b>	15	-	918,755

The financial statements were authorised for issue by the Board of Directors on 5 May 2009.....  
and approved on their behalf by:-



**I P Bfadbeer**  
**Director**

Dated: 5 May 2009

COMPANY REGISTRATION NUMBER : 131549

**Cash Flow Statement**  
**For the year ended 31 December 2008**

	Note	2008 £	2007 £
<b>Net cash (used in) discontinued operating activities</b>	16	(1,320,875)	(220,892)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(28,403)	(187,248)
<b>Net cash (used in) investing activities</b>		(28,403)	(187,248)
<b>Net cash used in financing activities</b>		-	-
<b>Net (decrease) in cash and cash equivalents</b>		(1,349,278)	(408,140)
<b>Cash and cash equivalents at the beginning of the year</b>		1,349,278	1,757,418
<b>Cash and cash equivalents at the end of the year</b>		-	1,349,278
<b>Comprising:</b>			
Cash		-	1,349,278

All cash flows relate to discontinued operations.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

**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. These financial statements are in respect of the individual entity only.

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**

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

IAS 39	Financial Instruments: Recognition and Measurement
IFRS 7	Financial Instruments: Disclosure
IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

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
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The impact of the adoption of IAS 1 will be a change in the presentation of the primary financial statements.

At the year-end there were further standards, amendments and interpretations in issue but not yet effective which are not expected to be relevant to the company's operations and are therefore not disclosed separately.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

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

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of the business, net of discounts, VAT and other sales related taxes.

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity.

**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.

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
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.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

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

**Trade receivables**

Trade and other receivables are stated initially at their fair value and subsequently at amortised cost using an effective interest rate method less an appropriate allowance for irrecoverable receivables.

**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.

**Trade and other payables**

Trade and other payables are recognised at fair value.

**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.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

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

**Defined benefit scheme**

The company operated 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.

As a result of the hive-up, the pension liability became the obligation of Trodat (UK) Limited from 1 October 2008 (see note 17).

**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.

Following the hive-up of operations as at 30 September 2008 there are no estimates and assumptions which will have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**5. Revenue**

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

<b>6. (Loss)/profit on ordinary activities before taxation</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration for audit services	13,500	17,500
Depreciation of property plant and equipment - owned	71,328	71,563
Staff costs (Note 8)	<u>1,368,445</u>	<u>1,754,693</u>

**Notes to the Financial Statements**  
**For the year ended 31 December 2008**

**7. Restructuring costs**

On 30 September 2008, the operations of Dormy Limited were hived-up to the parent company, Trodat (UK) Limited. All assets and liabilities were transferred at that date. The inter-company balance arising from this transaction has subsequently been written off.

	2008 £	2007 £
Write off of inter-company debt	1,106,208	-

**8. Directors and employees**

Remuneration in respect of directors was as follows:-

	2008 £	2007 £
Emoluments	137,444	239,840
Pension costs	11,085	14,548
	<u>148,529</u>	<u>254,387</u>

Remuneration in respect of the highest paid director was as follows:

Emoluments	81,054	151,919
Pension contributions	8,100	10,800
	<u>89,154</u>	<u>162,719</u>

Number of directors accruing benefits in the defined benefits pension scheme

-	-
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Number of directors accruing benefits in a defined contribution pension scheme

2	2
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**Staff Costs**

Staff costs during the year were as follows:-

Wages and salaries	1,224,399	1,555,356
Social security costs	108,125	147,478
Pension costs – operating charge	35,921	51,859
Operating staff costs	<u>1,368,445</u>	<u>1,754,693</u>
Pension costs – net finance cost	-	-
	<u>1,368,445</u>	<u>1,754,693</u>

The average number of employees of the company until date of hive-up, when all employee contracts transferred to Trodat (UK) Limited, was 87 (2007 : 83).

**Notes to the Financial Statements  
For the year ended 31 December 2008**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>9. Tax on profit on ordinary activities</b>		
The tax charge represents:		
UK corporation tax - current year	-	-
Deferred tax adjustments in respect of prior years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
 The tax assessed for the year differs from the standard rate of tax as follows:-		
(Loss)/profit on ordinary activities before taxation	<u>(918,755)</u>	<u>213,368</u>
(Loss)/profit on ordinary activities at the effective rate of tax of 28.66% (2007 : 30%)	<u>(263,354)</u>	<u>64,010</u>
 Effect of:		
Expenses not deductible for tax purposes	1,134,424	3,863
Capital allowances in excess of depreciation	(52,283)	(25,240)
Other short term timing differences	(4,528)	(136,088)
Trade losses (utilised)/not utilised	<u>(814,259)</u>	<u>93,455</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The standard rate of corporation tax in the United Kingdom has decreased from 30% to 28%.



**Notes to the Financial Statements**  
**For the year ended 31 December 2008**

10. Property, plant and equipment	Freehold Land and Buildings £	Plant and Machinery £	Fixtures and Fittings £	Total £
<b>Cost</b>				
At 1 January 2007	643,889	1,887,940	887,821	3,419,650
Additions	-	33,010	154,238	187,248
Disposals	-	-	-	-
At 1 January 2008	643,889	1,920,950	1,042,059	3,606,898
Additions	-	-	28,403	28,403
Disposals – Transfer to Trodat (UK) Ltd	(643,889)	(1,920,950)	(1,070,462)	(3,635,301)
At 31 December 2008	-	-	-	-
<b>Depreciation</b>				
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 1 January 2008	110,764	1,855,757	847,814	2,814,335
Charge for year	9,658	16,304	45,366	71,328
Eliminated on disposal – Transfer to Trodat (UK) Ltd	(120,422)	(1,872,061)	(893,180)	(2,885,663)
At 31 December 2008	-	-	-	-
<b>Net book amount</b>				
At 31 December 2008	-	-	-	-
<b>Net book amount</b>				
At 31 December 2007	533,125	65,193	194,245	792,563
<b>11. Inventories</b>				
			<b>2008</b> £	<b>2007</b> £
Raw materials and consumables			-	444,614
Work in progress			-	4,177
Finished goods and goods for resale			-	366,778
			-	815,569

The cost of inventories recognised as an expense during the year was £1,909,991 (2007 : £2,279,948).

The cost of inventories recognised as an expense includes £nil (2007 : £1,500) in respect of write downs of inventory to net realisable value.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

<b>12. Trade and other receivables</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade receivables	-	1,706,450
Amounts owed by parent undertakings	-	3,607,516
Amounts owed by group undertakings	-	27,370
Prepayments and accrued income	-	116,584
	<u>-</u>	<u>5,457,920</u>
	<u>-</u>	<u>5,457,920</u>

All of the trade and other receivables above were receivable under normal commercial terms, 30 to 60 days. The directors consider that the carrying value of trade and other receivables approximates to their fair value. A bad debt provision of £nil (2007 : £13,253) was held against receivables.

<b>13. Trade and other payables</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade payables	-	443,542
Amounts owed to parent undertakings	-	4,812,035
Amounts owed to group undertakings	-	789,831
Social security and other taxes	-	168,289
Accruals and deferred income	-	407,550
	<u>-</u>	<u>6,621,247</u>
	<u>-</u>	<u>6,621,247</u>

Trade purchases are made under normal commercial terms, generally 30 days. The directors consider that the carrying value of trade and other payables approximates to their fair value.

**Notes to the Financial Statements  
For the year ended 31 December 2008**

<b>14. Share capital</b>	<b>2008 £</b>	<b>2007 £</b>
<b>Authorised Equity</b>		
19,400 Ordinary shares of £1 each	<u>19,400</u>	<u>19,400</u>
<b>Allotted, called up and fully paid Equity</b>		
14,106 Ordinary shares of £1 each	<u>14,106</u>	<u>14,106</u>

Fully paid ordinary shares, which have a par value of £1, carry one vote per share and carry a right to dividends.

<b>15. Statement of changes in equity</b>	<b>Share Capital £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
At 1 January 2007	14,106	319,281	333,387
Actuarial gain on defined benefit pension scheme	-	372,000	372,000
Profit for the year	-	213,368	213,368
Total recognised income for the year	<u>-</u>	<u>585,368</u>	<u>585,368</u>
At 1 January 2008	14,106	904,649	918,755
Loss for the year	-	(918,755)	(918,755)
Total recognised expense for the year	<u>-</u>	<u>(918,755)</u>	<u>(918,755)</u>
At 31 December 2008	<u>14,106</u>	<u>(14,106)</u>	<u>-</u>

**Notes to the Financial Statements  
For the year ended 31 December 2008**

<b>16. Note to the cash flow statement</b>	<b>2008 £</b>	<b>2007 £</b>
(Loss)/profit from discontinued operations	(918,755)	213,368
Depreciation of property, plant and equipment	71,328	71,563
Loss on transfer of property, plant and equipment	749,638	-
Other non-cash movements affecting earnings	(875,328)	(465,672)
	<hr/>	<hr/>
Operating cash flows before movement in working capital	(973,117)	(180,741)
Decrease in inventories	815,569	32,557
Decrease/(increase) in receivables	5,457,920	(613,841)
(Decrease)/increase in payables	(6,621,247)	541,133
	<hr/>	<hr/>
Net cash (used in) discontinued operating activities	<u>(1,320,875)</u>	<u>(220,892)</u>

**17. Pensions**

As a result of the hive-up, the pension liability became the obligation of Trodat (UK) Limited from 1 October 2008. The following note therefore supports the figures disclosed in relation to the 2007 comparatives only.

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 took place on 1 January 2009, but is not as yet available.

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 was as follows:-

	<b>2007 £</b>
Defined contribution scheme	34,859
Defined benefit scheme	17,000
	<hr/>
	<u>51,859</u>

**Notes to the Financial Statements**  
**For the year ended 31 December 2008**

**17. Pensions (cont'd)**

The valuation used for IAS 19 disclosures was 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:-

	<b>Projected unit 2007</b>
Discount rate	5.75%
Salary increase rate	n/a
Inflation rate	3.25%
Pension increase rate - pensioners	3.50%
- deferred pensioners	3.25%

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

	Long term rate of return expected at 31 Dec 07 %	Value as at 31 Dec 07 £000	Long term rate of return expected at 31 Dec 06 %	Value as at 31 Dec 06 £000	Long term rate of return expected at 31 Dec 05 %	Value as at 31 Dec 05 £000	Long term rate of return expected at 31 Dec 04 %	Value as at 31 Dec 04 £000
Equities	7.50	3,098	7.50	4,116	7.50	4,140	8.00	3,325
Bonds	5.75	2,863	5.00	2,849	4.75	2,759	4.75	2,486
Cash	5.75	26	5.00	6	4.75	99	4.75	181
Total market value of assets		<u>5,987</u>		<u>6,971</u>		<u>6,998</u>		<u>5,992</u>
Present value of scheme liabilities		<u>(6,862)</u>		<u>(8,684)</u>		<u>(9,748)</u>		<u>(7,841)</u>
Deficit in the scheme		<u>(875)</u>		<u>(1,713)</u>		<u>(2,750)</u>		<u>(1,849)</u>

The following amounts were recognised in the income statement under the requirements of IAS 19.

	<b>2007 £000</b>
<b>Operating profit</b>	
Gain on settlement	(47)
Current service cost	17
Past service cost	-
Total operating (income)	<u>(30)</u>
<b>Other finance costs</b>	
Expected return on pension scheme assets	412
Interest cost	(412)
Net return	<u>-</u>

**Notes to the Financial Statements  
For the year ended 31 December 2008**

**17. Pensions (cont'd)**

<b>Statement of recognised income and expense (SORIE):</b>	<b>2007 £000</b>
Actual return less expected return on pension scheme assets	(170)
Experience gains and losses arising on the scheme liabilities	120
Changes in the assumptions underlying the present value of scheme liabilities	422
	<hr/>
Total gain recognised in SORIE	<u>372</u>

**Movements in the present value of defined benefit obligations were as follows:-**

	<b>2007 £000</b>
At 1 January	8,684
Current service cost	17
Past cost service	-
Contributions from scheme members	4
Interest cost	412
Benefits paid	(1,666)
Actuarial loss	(589)
	<hr/>
At 31 December	<u>6,862</u>

**Movements in the fair value of the scheme assets were as follows:-**

	<b>2007 £000</b>
At 1 January	6,971
Expected return on assets	412
Company contributions	436
Employee contributions	4
Benefits paid	(1,666)
(Loss) on assets	(170)
	<hr/>
At 31 December	<u>5,987</u>

The actual return on scheme assets was £242,000

<b>History of experience gains and losses</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Experience adjustment on scheme liabilities (£000)	(120)	(93)	19	(11)
Percentage of scheme liabilities (%)	(1.7%)	1.1%	0.2%	0.1%
Experience adjustment on scheme assets (£000)	170	(53)	(748)	(122)
Percentage of scheme assets (%)	2.8%	0.8%	10.7%	2.0%

**Notes to the Financial Statements  
For the year ended 31 December 2008**

<b>18. Operating lease arrangements</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Minimum lease payments under operating leases recognised as an expense for the year	<u>24,819</u>	<u>45,492</u>

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:-

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Within one year	-	32,054
In the second to fifth years inclusive	-	85,570
	<u>-</u>	<u>117,624</u>

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. Following the hive-up on 30 September 2008, the obligations became that of Trodat (UK) Limited.

**19. 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	
	2008	2007	2008	2007	2008	2007	2008	2007
	£	£	£	£	£	£	£	£
<b>Parent undertaking:</b>								
Trodat UK Limited	-	-	-	3,607,516	-	220,569	-	4,812,035
<b>Group undertaking:</b>								
Trodat GmbH	386,789	407,235	-	1,383	157,977	1,745,172	-	602,592
Trodat Produktions GmbH	2,801	20,801	-	-	1,397,639	79,180	-	22,502
Trodat Marking Devices (Xiamen) Co. Limited	-	-	-	-	155,718	200,256	-	126,561
Trodat France SAS	-	72	-	72	-	-	-	-
Trotec GmbH	-	-	-	-	-	-	-	31,694
Trodat Marking Products Inc.	-	-	-	81	-	-	-	-
Trotec Laser Limited	36,435	33,873	-	25,833	-	-	-	3,583
Trodat Trading (Xiamen) Co. Ltd	-	-	-	-	-	5,179	-	2,898

As a result of the hive-up on 30 September 2008, the inter-company balance of £1,106,208 receivable from Trodat (UK) Limited was written off. (See note 7.)

**Notes to the Financial Statements  
For the year ended 31 December 2008**

**20. Financial assets and liabilities**

**Capital risk management**

The capital structure of the company prior to the hive-up consisted of cash and cash equivalents.

**Financial risk management objectives**

A treasury policy has been established which sets out the financial objectives of the company. The Directors monitored and managed the financial risks relating to the operations of the company through internal management reports up until operations ceased as at 30 September 2008.

**Market risk**

The company's market risk was primarily attributable to fluctuations in foreign currency. The company was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar up until operations ceased as at 30 September 2008. Foreign exchange risk arose in the period from future commercial transactions and recognised assets and liabilities.

The exposure to foreign exchange risk is not significant as the operations of the entity have ceased.

**Credit risk management**

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

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

**Liquidity risk**

Ultimate responsibility for liquidity risk management rested with the Directors. The company managed liquidity risk by maintaining both short and long term cash flow forecasts.

The financial risk on liquid funds is nil as the company ceased to operate on 30 September 2008.

**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.

**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.