

East Midlands Instrument Company Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 May 2012

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**East Midlands Instrument
Company Limited**

FULL DETAILED FINANCIAL STATEMENTS

for the year ended

31 May 2012

East Midlands Instrument Company Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K Bingham
S Watson
R Hind

SECRETARY

K Bingham

REGISTERED OFFICE

Laughton Lane
Morton
Gainsborough
Lincolnshire
DN21 3ET

AUDITOR

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

Yorkshire Bank
19 St Sepulchre Gate
Doncaster
DN1 1SJ

East Midlands Instrument Company Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of East Midlands Instrument Company Limited for the year ended 31 May 2012

PRINCIPAL ACTIVITIES

The company's principal activities are the manufacture and installation of electrical and instrument control systems and assemblies, within the UK, typically for the power generation, water reclamation and supply, rail transport and petrochemical industries. Installation, fusion splicing and testing of fibre optic cabling. General fabrication and sheet metal work (including CNC punching and machining) of steel (including stainless steel) and aluminium. Associated welding controls, for high integrity applications or when requested by the customer. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

REVIEW OF THE BUSINESS

The Company has continued to operate in a difficult market place and has retained its skilled workforce over this difficult trading period. We are in a good position to take advantage of the opportunities that are now emerging. There has been an improvement in order intake and subsequent profitability which the Company expects to continue in line with the strategy which is been implemented.

RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

KEY PERFORMANCE INDICATORS

Key performance indicators used by the management of the company concentrate on the sales invoiced, cost base and cash flow generation of the business.

East Midlands Instrument Co Ltd operates on a divisional and departmental basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

FINANCIAL INSTRUMENTS

The nature of the Company's business is such that most sales are either completed in a short period of time or are of a bespoke nature where manufacture and/or installation takes place over a period of time. Where this is the case stage payments appropriate to the period of manufacture/installation are arranged on a contract by contract basis. As a general policy independent credit checks are regularly carried out on customers. Occasionally individual contracts can be of such a size that the timing of stage payments can cause significant variations in the level of funds.

The Company is financed by a mixture of loans, overdraft and invoice discounting.

East Midlands Instrument Company Limited

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The profit after taxation for the year was £188,991 (2011 £16,108 loss)

Dividends paid on ordinary shares during the year were £132,000 (2011 £132,000)

DIRECTORS

The following directors held office during the year

K Bingham
S Watson
R Hind

AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



K Bingham
Secretary

11th October

2012

East Midlands Instrument Company Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST MIDLANDS INSTRUMENT COMPANY LIMITED

We have audited the financial statements on pages 6 to 21. 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 auditor

As more fully explained in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP
STELLA COOPER
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
LS1 4HG

15 October 2012

East Midlands Instrument Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2012

	<i>Notes</i>	2012 £	2011 £
TURNOVER	1	8,973,200	7,034,294
Cost of sales		(7,138,773)	(5,142,952)
Gross profit		1,834,427	1,891,342
Distribution costs		(203,770)	(207,561)
Administrative expenses		(1,416,479)	(1,680,720)
Other operating income		50,081	-
OPERATING PROFIT	2	264,259	3,061
Amounts written off investments	8	(800,000)	-
Investment income	23	789,484	-
Interest payable	3	(23,313)	(17,753)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		230,430	(14,692)
Taxation	5	(41,439)	(1,416)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	16	188,991	(16,108)

The operating profit for the year arises from the company's continuing operations

East Midlands Instrument Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2012

	2012 £	2011 £
Profit/(loss) for the financial year	188,991	(16,108)
Unrealised loss on revaluation of property	-	(101,527)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>188,991</u>	<u>(117,635)</u>

East Midlands Instrument Company Limited
NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 May 2012

	<i>Notes</i>	2012 £	2011 £
Profit/(loss) on ordinary activities before taxation		230,430	(14,692)
Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	16	4,458	2,458
Historical cost profit/(loss) on ordinary activities before taxation		234,888	(12,234)
Historical cost profit/(loss) for the year retained after taxation		193,443	(13,650)

East Midlands Instrument Company Limited (Company no 3196642)

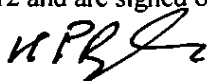
BALANCE SHEET

31 May 2012

	Notes	2012 £	2011 as restated £
FIXED ASSETS			
Tangible assets	7	679,624	709,651
Investments	8	-	800,000
		<u>679,624</u>	<u>1,509,651</u>
CURRENT ASSETS			
Stocks	9	819,806	346,844
Debtors	10	2,735,457	2,613,163
Cash at bank and in hand		490	302
		<u>3,555,753</u>	<u>2,960,309</u>
CREDITORS Amounts falling due within one year	11	(2,639,616)	(2,060,318)
NET CURRENT ASSETS		<u>916,137</u>	<u>899,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,595,761</u>	<u>2,409,642</u>
CREDITORS Amounts falling due after more than one year	12	(141,943)	(1,002,282)
NET ASSETS		<u>1,453,818</u>	<u>1,407,360</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	(31,694)	(42,227)
		<u>1,422,124</u>	<u>1,365,133</u>
CAPITAL AND RESERVES			
Called up equity share capital	14	150,000	150,000
Revaluation reserve	15	233,622	238,080
Profit and loss account	16	1,038,502	977,053
SHAREHOLDERS' FUNDS	17	<u>1,422,124</u>	<u>1,365,133</u>

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on 11th October 2012 and are signed on its behalf by:

K Bingham Director



East Midlands Instrument Company Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties in accordance with applicable accounting standards.

GOING CONCERN

Having considered the company's working capital requirements the directors have prepared cash flow forecasts. On the basis of those forecasts and considering agreed banking facilities, the directors consider that the company will be able to meet its liabilities as they fall due. The directors believe that it is therefore reasonable to prepare financial statements on a going concern basis.

CONSOLIDATION

The company has taken advantage of the exemption under the Companies Act 2006 not to prepare group accounts on the basis that group financial statements are prepared by the company's ultimate parent company, East Midlands Holdings Limited, a company incorporated in Great Britain. The financial statements present information about the individual company undertaking and not about the group.

TANGIBLE FIXED ASSETS

Fixed assets include properties valued by Chartered Surveyors on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. Other fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Freehold land and buildings	2%
Plant and machinery	15%
Fixtures, fittings and equipment	15%
Motor vehicles	25%

INVESTMENTS

Fixed asset investments are stated at their purchase cost less any provision for diminution in value.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors, to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor. The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

Turnover represents the right for consideration of goods and services provided during the accounting period.

East Midlands Instrument Company Limited

ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

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 obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

CASHFLOW STATEMENT

The company has taken advantage of the provisions of Financial Reporting Statement 1 and has not prepared a cashflow statement, as the parent company produces a consolidated cashflow statement.

PENSION CONTRIBUTIONS

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

GOVERNMENT GRANTS

Government grants on capital expenditure are released to revenue by equal annual amounts over the expected useful life of the assets to which they relate.

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

1 TURNOVER

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the UK

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

	2012 £	2011 £
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Operating profit is stated after charging/(crediting)

Government grant releases	(1,720)	(1,720)
Depreciation – owned assets	30,065	51,897
– assets held under HP	9,284	4,377
Auditors' remuneration		
- Baker Tilly UK Audit LLP – as auditors	12,200	12,200
- Baker Tilly Tax and Accounting Limited - taxation	1,500	1,975
- other services	2,270	-
Operating lease rentals		
- plant and machinery	100,777	107,081
- land and buildings	20,000	20,000
- other	23,699	8,986

3 INTEREST PAYABLE

	2012 £	2011 £
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Interest payable on bank borrowing	19,412	14,959
Finance charges	3,901	2,794
	<u>23,313</u>	<u>17,753</u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

4	EMPLOYEES	2012 No	2011 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Production staff	93	99
	Administrative staff	34	37
		<u>127</u>	<u>136</u>
		2012 £	2011 £
	Staff costs for above persons		
	Wages and salaries	3,613,438	3,588,891
	Social security costs	377,223	355,315
	Pension costs	50,716	60,418
		<u>4,041,377</u>	<u>4,004,624</u>
	DIRECTORS' EMOLUMENTS	2012 £	2011 £
	The directors' aggregate emoluments in respect of qualifying services were		
	Emoluments receivable	145,775	177,288
	Value of company pension contributions to money purchase schemes	21,200	31,800
		<u>166,975</u>	<u>209,088</u>
	HIGHEST PAID DIRECTOR	2012 £	2011 £
	Emoluments	79,481	81,378
	Value of company contributions to money purchase schemes	10,600	10,600
		<u>90,081</u>	<u>91,978</u>
	The number of directors who are accruing benefits under company pension schemes were as follows	2012 No	2011 No
	Money purchase schemes	<u>3</u>	<u>3</u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

5	TAXATION	2012 £	2011 £
	Corporation tax		
	Current tax	51,972	310
	Deferred taxation		
	Current year	(10,533)	1,106
		<u>41,439</u>	<u>1,416</u>
	Tax on profit on ordinary activities		
		<u>41,439</u>	<u>1,416</u>

Factors affecting the tax charge for the period

The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK (20%) The differences are explained below

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	230,430	(14,692)
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 28%)	46,086	(4,113)
Effects of:		
Expenses not deductible for tax purposes	5,097	8,675
Capital allowances less than/(in excess) of depreciation	331	(4,312)
Other timing differences	458	60
	<u>51,972</u>	<u>310</u>
Current tax charge for the period		
	<u>51,972</u>	<u>310</u>

6	DIVIDENDS	2012 £	2011 £
	The following dividends have been paid in respect of the year		
	Dividend paid on ordinary shares 88p (2011 88p)	132,000	132,000
		<u>132,000</u>	<u>132,000</u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

7 TANGIBLE FIXED ASSETS

	<i>Freehold Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation					
At 1 June 2011	625,000	300,337	175,176	23,400	1,123,913
Additions	-	6,200	3,122	-	9,322
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2012	625,000	306,537	178,298	23,400	1,133,235
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 June 2011	-	272,275	118,589	23,398	414,262
Charge for the year	14,701	10,288	14,360	-	39,349
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2012	14,701	282,563	132,949	23,398	453,611
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 May 2012	610,299	23,974	45,349	2	679,624
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2011	625,000	28,062	56,587	2	709,651
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Cost or valuation at 31 May 2012 is represented by

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost	-	306,537	178,298	23,400	508,235
Valuation	625,000	-	-	-	625,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	625,000	306,537	178,298	23,400	1,133,235
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East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

7 TANGIBLE FIXED ASSETS - *continued*

Revaluation

Land and buildings were valued as at 23 August 2011 by PPH Commercial, Chartered Surveyors, on an open market basis at £625,000

On an historical cost basis land and buildings would be included at

	2012 £	2011 £
Cost	558,758	558,758
Aggregate Depreciation	166,971	155,796

Hire purchase agreements

Included within the net book value of £679,624 is £57,581 (2011: £59,422) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £9,284 (2011: £4,377)

8	FIXED ASSET INVESTMENTS	£
	Cost	
	At 1 June 2011 and 31 May 2012	800,000
	Amounts written off	
	At 1 June 2011	-
	In the year	800,000
	Net book value	
	At 31 May 2012	-
	At 31 May 2011	800,000

Investments shown above relate to 100% of the issued share capital of East Midlands Instrument Company (1996) Limited, the company's only subsidiary, which is dormant and has net assets of £nil (2011: £800,000)

East Midlands Investment Company (1996) Limited is not included in the consolidated accounts because its results are immaterial to the group and it is in the process of being wound up.

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

9	STOCKS	2012 £	2011 as restated £
	Raw materials	6,632	6,672
	Work in progress	813,174	340,172
		<u>819,806</u>	<u>346,844</u>
10	DEBTORS	2012 £	2011 as restated £
	Trade debtors	1,715,362	1,223,598
	Amounts recoverable on contracts	999,454	1,358,909
	Prepayments and accrued income	20,641	30,656
		<u>2,735,457</u>	<u>2,613,163</u>
11	CREDITORS Amounts falling due within one year	2012 £	2011 £
	Bank loan and overdraft	1,127,126	1,115,638
	Amounts owed to group undertakings	45,752	45,752
	Trade creditors	885,941	480,767
	Hire purchase agreements	15,028	13,034
	Corporation tax	52,125	310
	Other taxation and social security costs	438,871	332,236
	Other creditors	1,636	1,720
	Accruals and deferred income	73,137	70,861
		<u>2,639,616</u>	<u>2,060,318</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2012 £	2011 £
Bank loan and overdraft	1,127,126	1,115,638
Hire purchase agreements	15,028	13,034
	<u>1,142,154</u>	<u>1,128,672</u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

12	CREDITORS Amounts falling due in more than one year	2012 £	2011 £
	Bank loan and overdraft	103,362	152,307
	Amounts owed to group undertakings	-	800,000
	Hire purchase agreements	8,767	18,525
	Other creditors	29,814	31,450
		<u>141,943</u>	<u>1,002,282</u>
		2012 £	2011 £
	Analysis of debt maturity		
	Amounts repayable by instalments falling due		
	In more than one but not more than two years	61,768	62,281
	In more than two but not more than five years	53,201	112,317
	In more than five years	26,974	827,684
		<u>141,943</u>	<u>1,002,282</u>
	Obligations under finance leases and hire purchase contracts	2012 £	2011 £
	Amounts payable		
	Within two to five years	8,787	18,525
		<u>8,787</u>	<u>18,525</u>
	The following liabilities disclosed under creditors falling due after more than one year are secured by the company	2012 £	2011 £
	Bank loan and overdraft	103,362	152,307
	Hire purchase agreement	8,767	18,525
		<u>112,129</u>	<u>170,832</u>

In 2004 the company took out a term loan of £420,000 to be repaid over 10 years, the interest rate accruing on this loan is 1.765% above base rate.

The bank has a fixed charge over the assets of the company as security on the loans

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

13 DEFERRED TAXATION

	2012 £	2011 £
The movement in the deferred taxation provision during the year was		
Provision brought forward	42,227	41,121
(Reduction)/increase in provision	(10,533)	1,106
	<u>31,694</u>	<u>42,227</u>
Provision carried forward	<u>31,694</u>	<u>42,227</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Accelerated capital allowances	<u>31,694</u>	<u>42,227</u>

14 SHARE CAPITAL

	2012 £	2011 £
Allotted, issued and fully paid 150,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

15 REVALUATION RESERVE

	2012 £	2011 £
1 June 2011	238,080	342,065
Transfer to profit and loss account (note 16)	(4,458)	(2,458)
Revaluation in year	-	(101,527)
	<u>233,622</u>	<u>238,080</u>
31 May 2012	<u>233,622</u>	<u>238,080</u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

16	PROFIT AND LOSS ACCOUNT	2012 £	2011 £
	1 June 2011	977,053	1,122,703
	Profit/(loss) for the year	188,991	(16,108)
	Dividends paid	(132,000)	(132,000)
	Revaluation transfer to profit and loss account (note 15)	4,458	2,458
		<u> </u>	<u> </u>
	31 May 2012	1,038,502	977,053
		<u> </u>	<u> </u>
17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2012 £	2011 £
	Profit/(loss) for the financial year	188,991	(16,108)
	Dividends paid	(132,000)	(132,000)
	Revaluation of property in year	-	(101,527)
		<u> </u>	<u> </u>
		56,991	(249,635)
	Opening shareholders' equity funds	1,365,133	1,614,768
		<u> </u>	<u> </u>
	Closing shareholders' equity funds	1,422,124	1,365,133
		<u> </u>	<u> </u>
18	COMMITMENTS UNDER OPERATING LEASES		
	At 31 May 2012 the company had annual commitments under non-cancellable operating leases as follows		
		2012 £	2011 £
	Plant and machinery		
	expiring within one year	16,946	20,704
	expiring between one and two years	7,986	28,924
	expiring between two and five years	82,193	38,517
	Land and buildings		
	expiring between two and five years	20,000	20,000
	Other		
	expiring within one year	5,918	-
	expiring between two and five years	22,145	860
	expiring in over five years	-	8,126
		<u> </u>	<u> </u>
		155,188	117,131
		<u> </u>	<u> </u>

East Midlands Instrument Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

19 CAPITAL COMMITMENTS

At the year end the company was committed to purchasing £20,947 of plant and machinery

20 CONTINGENT LIABILITIES

The company has given a cross guarantee in favour of Yorkshire Bank in respect of all monies owing by East Midlands Instrument Company (1996) Limited and East Midlands Holdings Limited. There is no liability arising as a result of this cross guarantee at the year end.

21 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of East Midlands Holdings Limited, a company registered in England. By the virtue of their shareholdings in the parent company the directors are considered to be the ultimate controlling parties.

22 PRIOR PERIOD ADJUSTMENT

In the prior period the value of some long term contracts were included in stocks. In the current period contracts of an equivalent nature have been included in amounts recoverable on contract.

The prior period financial statements have been adjusted to reflect the re-categorisation of these contracts. The effect in the prior period is to reduce stocks and increase amounts recoverable on contracts by £234,369 as set out below. There is no effect on profits as a result of this change.

	As previously stated	As restated
Stocks	1,143,483	909,114
Amounts recoverable on contracts	562,270	796,639

23 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions", from disclosing transactions with related group companies.

During the year the company received dividends of £789,484 (2011: £nil) from East Midlands Instrument Company (1996) Limited and wrote off a debt of £10,516 (2011: £nil) due to East Midlands Instrument Company (1996) Limited.