

REGISTERED NUMBER: SC102874 (Scotland)

REGISTRARS COPY

**TEKNEK LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MAY 2011**

Milne Craig  
Chartered accountants  
Registered auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

TUESDAY



SCT  
22/11/2011  
COMPANIES HOUSE

382

**TEKNEK LIMITED**

**CONTENTS OF THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 MAY 2011**

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors on the Abbreviated Accounts	4
Abbreviated Profit and Loss Account	5
Abbreviated Balance Sheet	6
Notes to the Abbreviated Accounts	7 to 13

**TEKNEK LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MAY 2011**

<b>DIRECTORS:</b>	C J Kennett S Hamilton C MacKillop S Mitchell
<b>SECRETARY:</b>	S Hamilton
<b>REGISTERED OFFICE:</b>	River Drive Inchinnan Business Park Inchinnan PA4 9RT
<b>REGISTERED NUMBER:</b>	SC102874 (Scotland)
<b>AUDITORS:</b>	Milne Craig Chartered accountants Registered auditor Abercorn House 79 Renfrew Road Paisley Renfrewshire PA3 4DA
<b>BANKERS:</b>	Bank of Scotland Business Banking 50 West Campbell Street Glasgow G2 7BP
<b>SOLICITORS:</b>	Biggart Baillie LLP Dalmore House 310 St. Vincent Street Glasgow G2 5QR

## TEKNEK LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2011

The directors present their report with the accounts of the company for the year ended 31 May 2011.

#### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the distribution of film cleaning machines and components.

The directors are not aware, at the date of the report, of any likely major changes in the company's activities in the next year.

#### POST BALANCE SHEET EVENT

On 8th July 2011 the company was acquired by Illinois Tool Works Inc., a Fortune 200 global diversified industrial manufacturer.

#### REVIEW OF BUSINESS

The key financial highlights are as follows:

	2011	2010	2009
	£	£	£
Turnover	12,270,741	8,402,555	8,605,769
Turnover growth	46%	-2%	-26%
Profit (loss) before tax	1,824,318	512,862	198,543

The net assets of the company have decreased from £1,490,726 at May 2010, to £632,893 at May 2011.

#### DIVIDENDS

An interim dividend of £1,075,000 per share was paid on 31 May 2011. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 May 2011 will be £2,150,000.

#### DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2010 to the date of this report.

C J Kennett  
S Hamilton  
C MacKillop  
S Mitchell

#### FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade creditors and loans from group undertakings. The main purpose of these instruments is to finance the company's operations.

Loans from group undertakings are interest free and are under normal commercial terms.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure has increased in the market place and margins remain under pressure.

Goods are exported throughout the world and therefore the company is exposed to movements in exchange rates. The company seeks to manage this risk by means of appropriate treasury management.

In addition the directors seek to control overhead costs in order to maintain the profitability of the company.

## **TEKNEK LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2011**

#### **ENVIRONMENT**

The company recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **ON BEHALF OF THE BOARD:**



C MacKillop - Director

7 July 2011

**REPORT OF THE INDEPENDENT AUDITORS TO  
TEKNEK LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages five to thirteen, together with the full financial statements of Teknek Limited for the year ended 31 May 2011 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



S B Malcolm (Senior Statutory Auditor)  
for and on behalf of Milne Craig  
Chartered accountants  
Registered auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

7 July 2011

**TEKNEK LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2011**

	Notes	2011 £	2010 £
<b>TURNOVER</b>	2	12,270,741	8,402,555
Cost of sales and other operating income		(5,203,610)	(3,285,945)
		<hr/> 7,067,131	<hr/> 5,116,610
Administrative expenses		<hr/> 5,252,435	<hr/> 4,565,292
<b>OPERATING PROFIT</b>	4	1,814,696	551,318
Interest receivable and similar income		<hr/> 29,075	<hr/> 24
		<hr/> 1,843,771	<hr/> 551,342
Interest payable and similar charges	5	<hr/> 19,453	<hr/> 38,480
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,824,318	512,862
Tax on profit on ordinary activities	6	<hr/> 532,149	<hr/> (212,681)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,292,169	725,543
Retained profit brought forward		<hr/> 1,490,724	<hr/> 765,181
		<hr/> 2,782,893	<hr/> 1,490,724
Dividends	7	<hr/> (2,150,000)	<hr/> -
<b>RETAINED PROFIT CARRIED FORWARD</b>		<hr/> <hr/> 632,893	<hr/> <hr/> 1,490,724

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

**TEKNEK LIMITED**  
**ABBREVIATED BALANCE SHEET**  
**31 MAY 2011**

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Intangible assets	8	-	-
Tangible assets	9	748,694	150,762
Investments	10	-	34,483
		<u>748,694</u>	<u>185,245</u>
<b>CURRENT ASSETS</b>			
Stocks	11	333,907	341,355
Debtors	12	2,024,978	3,007,543
Cash at bank and in hand		7,978	5,908
		<u>2,366,863</u>	<u>3,354,806</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>2,482,662</u>	<u>2,049,325</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(115,799)</u>	<u>1,305,481</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>632,895</u></u>	<u><u>1,490,726</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	2	2
Profit and loss account		<u>632,893</u>	<u>1,490,724</u>
<b>SHAREHOLDERS' FUNDS</b>	22	<u><u>632,895</u></u>	<u><u>1,490,726</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on 7 July 2011 and were signed on its behalf by:



C MacKillop - Director



## TEKNEK LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MAY 2011

#### 1. ACCOUNTING POLICIES

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

##### **Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

Consideration is given to the point at which the company is entitled to receive the income.

##### **Intangible fixed assets**

Intangible fixed assets relate to research and development costs. They were amortised in full during the year in which they were incurred due to the uncertainty of the timing of future revenue streams accruing from these development costs.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 15% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax assets are included where there is a reasonable expectation that they will be recovered in the foreseeable future. Deferred tax on losses carried forward at the balance sheet date are not provided due to uncertainty regarding the timescale in which they will be utilised.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

##### **Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary and consolidated group accounts are prepared.

##### **Grants**

Government grants received in respect of expenditure charged to the profit and loss account during the year have been included in the profit and loss account when received.

**TEKNEK LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2011 £	2010 £
UK	609,073	1,526,969
Europe	5,691,410	3,996,000
Rest of the world	5,970,258	2,879,586
	<u>12,270,741</u>	<u>8,402,555</u>

**3. STAFF COSTS**

	2011 £	2010 £
Wages and salaries	2,216,830	2,183,769
Other pension costs	161,978	108,905
	<u>2,378,808</u>	<u>2,292,674</u>

The average monthly number of employees during the year was as follows:

	2011	2010
Selling and distribution	13	15
Administration	14	11
Production	49	32
	<u>76</u>	<u>58</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2011 £	2010 £
Depreciation - owned assets	305,550	79,718
Auditors remuneration - Audit	40,000	15,000
Auditors remuneration - Other services	54,665	43,723
(Gain)/Loss on foreign exchange	76,944	(4,120)
Staff pension contributions	99,118	74,049
	<u>616,277</u>	<u>208,360</u>
Directors' remuneration	-	-
Directors' pension contributions to money purchase schemes	62,860	34,856
	<u>62,860</u>	<u>34,856</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £	2010 £
Bank interest	19,453	38,399
Hire purchase interest	-	81
	<u>19,453</u>	<u>38,480</u>

**TEKNEK LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**6. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2011 £	2010 £
Current tax:		
UK corporation tax	431,454	(99,565)
(Over) / under provision in previous years	(24)	-
Total current tax	<u>431,430</u>	<u>(99,565)</u>
Deferred tax	<u>100,719</u>	<u>(113,116)</u>
Tax on profit on ordinary activities	<u><u>532,149</u></u>	<u><u>(212,681)</u></u>

**Factors affecting the tax charge/(credit)**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	<u>1,824,318</u>	<u>512,862</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.670% (2010 - 28%)	504,789	143,601
Effects of:		
Disallowed expenses and non-taxable income	47,547	16,224
Accelerated capital allowances	3,052	1,804
Other timing differences	8	(98,722)
Utilisation of tax losses	(123,862)	(162,472)
Other deferred tax	(104)	-
Current tax charge/(credit)	<u><u>431,430</u></u>	<u><u>(99,565)</u></u>

**7. DIVIDENDS**

	2011 £	2010 £
Interim	<u><u>2,150,000</u></u>	<u><u>-</u></u>

**TEKNEK LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**8. INTANGIBLE FIXED ASSETS**

	Development costs £
<b>COST</b>	
At 1 June 2010	96,660
and 31 May 2011	<u>96,660</u>
<b>AMORTISATION</b>	
At 1 June 2010	96,660
and 31 May 2011	<u>96,660</u>
<b>NET BOOK VALUE</b>	
At 31 May 2011	<u>-</u>
At 31 May 2010	<u>-</u>

**9. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 June 2010	286,152	25,940	166,852	478,944
Additions	898,365	-	5,117	903,482
At 31 May 2011	<u>1,184,517</u>	<u>25,940</u>	<u>171,969</u>	<u>1,382,426</u>
<b>DEPRECIATION</b>				
At 1 June 2010	158,823	14,593	154,766	328,182
Charge for year	288,740	6,483	10,327	305,550
At 31 May 2011	<u>447,563</u>	<u>21,076</u>	<u>165,093</u>	<u>633,732</u>
<b>NET BOOK VALUE</b>				
At 31 May 2011	<u>736,954</u>	<u>4,864</u>	<u>6,876</u>	<u>748,694</u>
At 31 May 2010	<u>127,329</u>	<u>11,347</u>	<u>12,086</u>	<u>150,762</u>

**10. FIXED ASSET INVESTMENTS**

	Unlisted investments £
<b>COST</b>	
At 1 June 2010	34,483
Reclassification/transfer	(34,483)
At 31 May 2011	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 May 2011	<u>-</u>
At 31 May 2010	<u>34,483</u>

**TEKNEK LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**11. STOCKS**

	2011	2010
	£	£
Raw materials	296,138	284,338
Finished goods	37,769	57,017
	<u>333,907</u>	<u>341,355</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Trade debtors	1,216,795	1,247,843
Amounts owed by group undertakings	712,278	1,168,274
Other debtors	-	30,909
Due from associated undertakings	-	20,808
Corporation tax recoverable	-	222,436
Value added tax	82,701	106,196
Deferred tax asset	12,397	113,116
Prepayments and accrued income	807	97,961
	<u>2,024,978</u>	<u>3,007,543</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Bank loans and overdrafts (see note 14)	-	276,465
Trade creditors	936,482	734,538
Amounts owed to group undertakings	495,394	446,181
Corporation tax	431,455	-
Social security and other taxes	76,295	76,333
Other creditors	-	141,325
Accruals and deferred income	543,036	374,483
	<u>2,482,662</u>	<u>2,049,325</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	2011	2010
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	276,465
	<u>-</u>	<u>276,465</u>

**TEKNEK LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS - continued  
FOR THE YEAR ENDED 31 MAY 2011**

**15. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2011	2010
	£	£
Expiring:		
Within one year	9,692	7,123
Between one and five years	22,708	35,128
	<u>32,400</u>	<u>42,251</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	2011	2010
	£	£
Bank overdraft	-	276,465
	<u>-</u>	<u>276,465</u>

The company's overdraft is part of a group facility which is secured by a standard security over the group's property.

**17. DEFERRED TAX**

	£
Balance at 1 June 2010	(113,116)
Utilisation of tax losses	100,719
	<u>(12,397)</u>
Balance at 31 May 2011	<u>(12,397)</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2011	2010
			£	£
2	Ordinary	£1.00	<u>2</u>	<u>2</u>

**19. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £161,978 (2010 - £108,905).

Included in accruals are contributions payable to the fund at 31st May 2011 of £16,361 (2010 - £16,332).

# TEKNEK LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE YEAR ENDED 31 MAY 2011

### 20. ULTIMATE PARENT COMPANY

The company's ultimate holding company for the period to 31st May, 2011 was T H Group Limited, a company incorporated in Scotland.

Copies of T H Group Limited group accounts may be obtained from T H Group Limited, River Drive, Inchinnan Business Park, Inchinnan, Renfrewshire, PA4 9RT.

On the 28th June, 2011 the shares held by TH Group Limited were transferred to Inchinnan 110 Limited, which was then liquidated on the 29th June, 2011 with the shares then being transferred to Teksaleco Limited in preparation for the sale of the business.

On 8th July, 2011 the company was acquired by Illinois Tool Works Inc., a company based in the USA.

### 21. RELATED PARTY DISCLOSURES

The company was a wholly owned subsidiary of T H Group Limited in the period to 31st May, 2011.

Transactions with group companies have not been disclosed in accordance with the provisions of FRS 8 Related Party Disclosures as these balances are eliminated in the consolidated accounts for the group.

Included in other debtors are amounts owed from Metallo Limited, a joint venture, of £24 (2010 - £76,959 Creditor).

Included in debtors are amounts owed from Keizai Limited, an associated company, of £Nil (2010 - £20,808).

### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	1,292,169	725,543
Dividends	(2,150,000)	-
<b>Net (reduction)/addition to shareholders' funds</b>	<b>(857,831)</b>	<b>725,543</b>
Opening shareholders' funds	1,490,726	765,183
<b>Closing shareholders' funds</b>	<b>632,895</b>	<b>1,490,726</b>