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Company Registration No. 2455748 (England and Wales)

TBS ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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TBS ENGINEERING LIMITED

COMPANY INFORMATION

Directors

V F Empson
L E Gardiner
R T Hopwood
D J Longney
E Toombs

Secretary

V F Empson

Company number

2455748

Registered office

Longhill
Elmstone Hardwicke
Cheltenham
Gloucestershire
GL51 9TY

Auditors

Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
Gloucestershire
GL51 0UX

Business address

Longhill
Elmstone Hardwicke
Cheltenham
Gloucestershire
GL5 9TY

Bankers

Lloyds TSB Bank plc
11-15 Monument Street
London
EC3V 9JA

Fifth Third Bank
38 Fountain Square Plaza
Cincinnati
OH 45263
USA

Anglo Irish Bank
10 Old Jewry
London
EC2R 8DN

TBS ENGINEERING LIMITED

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TBS ENGINEERING LIMITED
COMPANY NUMBER: 2455748

DIRECTORS' REPORT
for the year ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

Principal activities

The principal activity of the company continues to be that of the design and manufacture of a range of special purpose equipment for the lead acid battery industry, used primarily in the manufacture and assembly of car and truck batteries

Review of business

The company made a profit after tax of £6,118,900 (2008 £5,792,309) from turnover of £23,279,372 (2008 £20,966,262) The directors are pleased with the level of turnover and profits for the year

The company has net assets at 31 December 2009 of £3,756,436 (2008 £4,389,737)

Interim ordinary dividends have been paid in the year amounting to £6,243,161

Business environment

Consolidation within the industry has resulted in fewer large group structured customers with a group managed approach to capital investment Much of this consolidation has been driven by the need to provide optimum efficiency and cost reductions in a very competitive market place

Within this competitive environment the company has differentiated itself from its competitors by providing

- a) a complete one stop source of assembly equipment through the acquisition of previous competition,
- b) strong investment in innovative design to provide industry savings,
- c) high quality machinery manufacture delivering the end user with a critical quality product, and
- d) Worldwide product availability, customer service and technical support

This stance has been supported by the ability to increase sales volume over the previous year despite very difficult economic conditions

Strategy

The company's overriding objective is to achieve sustainable volume and margin through the provision of world class quality design and manufacture which is at the forefront of industry expectations

A broad product range covering the technical requirements and budgets of all customers is key to sustaining volume in a cyclical environment

Customer service is paramount to our continued success and key areas have been identified to ensure that this remains at the centre of our quality objectives

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them

The key business risks affecting the company are set out below

Competition

The company operates in a competitive market Pricing pressure is particularly prevalent which results in downward pressure to margins Constant cost reduction re-evaluation by management is at the fore at remaining competitive as is innovative design protected and enforced by strong patent investment

Employee

The company's performance depends largely on its Managers & Directors The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the company's medium term performance To mitigate these issues the company provides benefit packages which are linked to the company's results to retain both key individuals and maximise employee retention

TBS ENGINEERING LIMITED

DIRECTORS' REPORT (CONTINUED) for the year ended 31 December 2009

Financial instruments

The company's financial instruments, other than derivatives, comprise cash and liquid resources, and various other items such as trade debtors, trade creditors, etc that arise directly from its operations. The main purpose of these financial instruments is to finance the operations of the company. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures and staged payments. The nature of these financial instruments means that they are not subject to price risk or liquidity risk.

The company is exposed to foreign currency risk through making overseas sales and purchases. To minimise this foreign currency risk, the company enters into derivative financial instruments, in the form of forward currency contracts for all major overseas sales which are not contracted in sterling. Although this gives a fair value risk in terms of exchange rate movements this is a risk that the directors accept and keep under review to ensure the company's exposure is kept to a minimum.

The company's business environment and risks, together with the details of mitigation and monitoring undertaken by the directors, are dealt with elsewhere in this Directors' Report. The company has a significant order book for the remainder of 2010 and beyond together with appropriate financial resources. As a result, the directors believe the company is well placed to successfully manage risks despite the uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key performance indicators (KPI's)

As the company is subject to a monthly reporting regime to its immediate parent company, the directors are of the opinion that analysis using KPI's in this Directors' Report is not necessary for the shareholders understanding of the development, performance or position of the business.

Future developments

The company continues to put considerable resource into the development of its products to maintain its position as the leader in the field of lead acid battery assembly equipment. In particular its efforts are focused on removing personnel from areas of lead in air and repetitive materials handling.

Directors

The following directors have held office since 1 January 2009

V F Empson
L E Gardiner
R T Hopwood
D J Longney
E Toombs

Auditors

Hazlewoods LLP have expressed their willingness to continue in office

Statement of directors' responsibilities

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

TBS ENGINEERING LIMITED

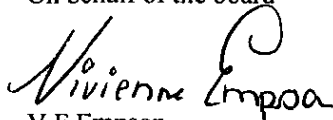
DIRECTORS' REPORT (CONTINUED)
for the year ended 31 December 2009

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 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 of disclosure to the auditors

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

On behalf of the board



V F Empson

Director

24 MAY 2010

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TBS ENGINEERING LIMITED**

We have audited the financial statements of TBS Engineering Limited on pages 5 to 18 for the year ended 31 December 2009. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 December 2009 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.

Julian Gaskell (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP, Statutory Auditor

22 June 2010
Staverton, Cheltenham

TBS ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009**

	Note	2009 £	2008 £
Turnover	2	23,279,372	20,966,262
Change in stocks and work in progress		473,249	1,381,792
Raw materials and consumables		(7,740,907)	(7,466,362)
Staff costs	19	(5,198,244)	(5,010,488)
Depreciation		(78,925)	(56,843)
Other operating charges		(2,216,314)	(1,817,448)
		<hr/>	<hr/>
Operating profit	3	8,518,231	7,996,913
Interest	4	6,887	124,435
		<hr/>	<hr/>
Profit on ordinary activities before taxation		8,525,118	8,121,348
Tax on profit on ordinary activities	5	(2,406,218)	(2,329,039)
		<hr/>	<hr/>
Profit for the financial year		6,118,900	5,792,309
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations

Statement of total recognised gains and losses

	Note	2009 £	2008 £
Profit for the financial year		6,118,900	5,792,309
Actuarial loss on pension scheme	14	(707,000)	(270,000)
Movement on deferred tax attributable to pension scheme liability		197,960	75,600
		<hr/>	<hr/>
Total gains and losses recognised since last annual report		5,609,860	5,597,909
		<hr/>	<hr/>

TBS ENGINEERING LIMITED

BALANCE SHEET
as at 31 December 2009

	Note	£	2009 £	2008 £
Fixed assets				
Tangible assets	7		262,797	164,527
Investments	8		128,127	-
			<hr/>	<hr/>
			390,924	164,527
Current assets				
Stocks	9	3,562,578	3,089,329	
Debtors	10	2,664,194	4,122,599	
Cash at bank and in hand		5,386,084	3,830,137	
		<hr/>	<hr/>	
		11,612,856	11,042,065	
Creditors: amounts falling due within one year	11	(7,458,904)	(6,502,775)	
		<hr/>	<hr/>	
Net current assets			4,153,952	4,539,290
			<hr/>	<hr/>
Total assets less current liabilities			4,544,876	4,703,817
Provisions for liabilities and charges	12		(85,000)	(70,000)
			<hr/>	<hr/>
Net assets excluding pension scheme liability			4,459,876	4,633,817
Pension scheme liability				
- gross	13		(977,000)	(339,000)
- attributable taxation	13		273,560	94,920
			<hr/>	<hr/>
Net assets including pension scheme liability			3,756,436	4,389,737
			<hr/>	<hr/>
Capital and reserves				
Called-up share capital	14		1,229,002	1,229,002
Share premium account	15		296,923	296,923
Profit and loss account	15		2,230,511	2,863,812
			<hr/>	<hr/>
Shareholders' funds	16		3,756,436	4,389,737
			<hr/>	<hr/>

Approved by the Board and authorised for issue on 24 MAY 2010


L E Gardiner
Director

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

1 Accounting Policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, adopting the following principal accounting policies all of which are in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices), which have been consistently applied (except as otherwise stated)

1.2 Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services supplied

1.3 Research and development

Expenditure on research and development is written off in the year in which it is incurred

1.4 Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates

Short leasehold land and buildings	over the terms of the lease
Plant and machinery	5-14% on cost
Fixtures, fittings, tools & equipment	10-50% on cost

1.5 Investments

Investments are stated at cost less provision for diminution in value

1.6 Leasing

The cost of operating leases is charged to the profit and loss account on a straight line basis over the lease term

1.7 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs to completion and disposal.

1.8 Pensions

As set out in note 13, the company participates in a defined benefit pension scheme which requires contributions to be made to a separately administered fund

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract rate. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the assets. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction, or at the contracted rate if the transaction is covered by a forward exchange contract. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

1.11 Product warranties

Provision is made for the estimated liability on all products still under warranty, including claims already received.

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

2 Turnover

Geographical analysis of turnover:

	2009	2008
	£	£
United Kingdom	159,254	309,748
Europe	8,720,322	3,922,365
North America	5,953,702	12,617,392
South America	1,374,579	1,075,971
Africa	3,376,297	306,949
Asia	3,557,088	1,509,834
Other	138,130	1,224,003
	<hr/>	<hr/>
	23,279,372	20,966,262
	<hr/>	<hr/>

All sales are to customers outside the group and all originate in the United Kingdom

3 Operating profit

	2009	2008
	£	£
Operating profit is stated after charging (crediting)		
Depreciation of tangible assets	78,925	56,843
Loss (profit) on foreign exchange transactions	27,514	(336,249)
Operating lease rentals		
- Plant and machinery	8,180	8,180
- Other assets	187,000	178,000
Auditors' remuneration	9,910	8,875
	<hr/>	<hr/>

4 Interest

	2009	2008
	£	£
Bank interest receivable	10,887	103,706
Other interest paid	-	(1,271)
Other finance (costs) returns (note 13)	(4,000)	22,000
	<hr/>	<hr/>
	6,887	124,435
	<hr/>	<hr/>

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

5	Taxation	2009 £	2008 £
	Domestic current year tax		
	UK corporation tax	2,386,898	2,340,519
		<hr/>	<hr/>
	Current tax charge	2,386,898	2,340,519
	Deferred tax		
	Deferred tax movement attributable to pension liability	19,320	(11,480)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	2,406,218	2,329,039
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	8,525,118	8,121,348
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 28.00%)	2,387,033	2,273,977
		<hr/>	<hr/>
	Effects of		
	Non deductible expenses	26,123	15,363
	Capital allowances in excess of depreciation	(11,802)	(3,422)
	Other tax adjustments (primarily £(19,320) (2008 £11,480) in relation to FRS 17 non taxable items and £nil (2008 £40,385) in respect of the change of standard rate of UK corporation tax)	(14,456)	54,601
		<hr/>	<hr/>
		(135)	66,542
		<hr/>	<hr/>
	Current tax charge	2,386,898	2,340,519
		<hr/>	<hr/>
6	Dividends	2009 £	2008 £
	Ordinary interim paid	6,243,161	4,145,821
		<hr/>	<hr/>

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

7 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools & equipment £	Total £
Cost				
At 1 January 2009	10,763	1,309,742	724,030	2,044,535
Additions	-	150,690	26,505	177,195
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	10,763	1,460,432	750,535	2,221,730
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2009	10,763	1,247,217	622,028	1,880,008
Charge for the year	-	47,056	31,869	78,925
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	10,763	1,294,273	653,897	1,958,933
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 December 2009	-	166,159	96,638	262,797
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	62,525	102,002	164,527
	<hr/>	<hr/>	<hr/>	<hr/>

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **for the year ended 31 December 2009**

8 Fixed asset investments

**Shares in
participating
interests**

Cost and net book value

At 1 January 2009

Additions

£

-

128,127

At 31 December 2009

128,127

Holdings of more than 20%

The company holds at least 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
TBS Digatron Qingdao Co Ltd	China	Ordinary		50

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves 2009 £	Profit for the year 2009 £
TBS Digatron Qingdao Co Ltd	220,626	(27,463)

The principal activity of TBS Digatron Qingdao Co Ltd is the manufacture of special purpose equipment for the lead acid battery industry. TBS Engineering Limited has not presented proforma consolidated financial statements including its joint venture, TBS Digatron Qingdao Co Ltd, as in the opinion of the directors the amounts involved are not material.

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

9	Stock and work in progress	2009	2008
		£	£
	Raw materials and consumables	2,312,693	1,876,811
	Work in progress	1,249,885	1,212,518
		<hr/>	<hr/>
		3,562,578	3,089,329
		<hr/>	<hr/>

In the opinion of the directors the difference between cost and replacement cost is immaterial

10	Debtors	2009	2008
		£	£
	Trade debtors	2,342,314	3,865,035
	Other debtors	191,606	104,594
	Prepayments and accrued income	130,274	152,970
		<hr/>	<hr/>
		2,664,194	4,122,599
		<hr/>	<hr/>

11	Creditors: amounts falling due within one year	2009	2008
		£	£
	Trade creditors	4,867,303	3,715,542
	Amounts owed to group undertakings and participating interests	37,508	117,353
	Corporation tax	1,131,898	1,190,518
	Taxes and social security costs	105,870	104,344
	Accruals and deferred income	1,316,325	1,375,018
		<hr/>	<hr/>
		7,458,904	6,502,775
		<hr/>	<hr/>

12	Provisions for liabilities and charges	Product warranty provisions
		£
	Balance at 1 January 2009	70,000
	Amounts utilised	(10,957)
	Charged to the profit and loss account	25,957
		<hr/>
	Balance at 31 December 2009	85,000
		<hr/>

The product warranty provisions are expected to be utilised within one year

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2009

13 Pension costs

Defined benefit

The company participates in the MiTek UK Retirement and Death Benefits Plan ('the Plan'), which is the defined benefit scheme of a fellow subsidiary undertaking. The benefits provided for the TBS Engineering Limited members ("the TBS members") of the Plan are on a "career average" rather than a final salary basis. Their benefits are calculated by reference to the rate of increase of inflation and not to the growth in earnings. The assets and liabilities relating to the TBS members are ring fenced within the Plan for the sole benefit of those members.

The contributions to the scheme are determined with the advice from an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent full valuation was carried out as at 1 May 2007. The valuation showed that the market value of the scheme's assets at that date were £2,103,000 and that the actuarial value was sufficient to cover 109% of the value of the benefits that had accrued to members. During the year the company contributed at a rate of 12.1% (2008 10.4% until 1 May 2008 and then 12.1%) of pensionable salaries.

The total pension contributions made by the company during the year were £488,405 (2008 £468,014).

For the purposes of Financial Reporting Standard 17 ('FRS17'), 'Retirement Benefits', a valuation has been performed as at 30 November 2009 (2008 - 30 November 2008) as follows:

The principal actuarial assumptions are as follows:

	2009	2008
Rate of increase in pensions in payment	3.15%	2.50%
Discount rate	5.75%	6.90%
Inflation assumption	3.25%	2.60%
Rate of increase in salaries	3.25%	3.60%
Expected return on plan assets	6.89%	8.23%
Mortality	PxA92 yob mc +2 age rating	PxA92 yob mc +2 age rating
Cash commutation	25% pension value	25% pension value

The amounts recognised in the balance sheet are as follows:

	2009 £	2008 £
Present value of defined benefit obligation	(4,384,000)	(2,521,000)
Fair value of plan assets	3,407,000	2,182,000
Deficit	(977,000)	(339,000)
Amounts in the balance sheet		
	2009 £	2008 £
Liabilities	(977,000)	(339,000)
Related deferred tax	273,560	94,920
Net pension liability	(703,440)	(244,080)

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2009

13 Pension costs (continued)

The amounts recognised in the profit and loss account are as follows:

	2009 £	2008 £
Current service cost	298,000	412,000
Interest on obligation	204,000	192,000
Expected return on plan assets	(200,000)	(214,000)
	4,000	(22,000)

The amounts recognised in the Statement of Total
Recognised Gains and Losses ("STRGL") are as follows:

	2009 £	2008 £
Actuarial loss	(707,000)	(270,000)

The cumulative actuarial loss to 31 December 2009 included in the STRGL amounts to £849,000 (2008 £142,000)

Changes in the present value of the defined benefit obligation are as follows:

	2009 £	2008 £
Present value of obligation at the beginning of year	2,521,000	2,340,000
Interest cost	204,000	192,000
Current service cost	298,000	412,000
Contributions by members	179,000	139,000
Benefits and death in service paid	(95,000)	(41,000)
Age related rebates	61,000	53,000
Actuarial loss (gain)	1,216,000	(574,000)
Present value of obligation at the end of year	4,384,000	2,521,000

Changes in the fair value of the plan's assets are as follows:

	2009 £	2008 £
Fair value of plan assets at the beginning of year	2,182,000	2,312,000
Expected return on plan assets	200,000	214,000
Contributions by employer	371,000	349,000
Contributions by members	179,000	139,000
Benefits and death in service paid	(95,000)	(41,000)
Age related rebates	61,000	53,000
Actuarial gain (loss)	509,000	(844,000)
Fair value of plan assets at the end of year	3,407,000	2,182,000

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2009

13 Pension costs (continued)

The analysis of the underlying categories of investments, as a percentage of the total scheme assets, together with the assumed rate of return ("ROR") for each category, are as follows

	2009 % of total scheme assets	2009 assumed ROR %	2008 % of total scheme assets	2008 assumed ROR %
Equities	81	7.50	79	8.90
Bonds	15	5.50	15	6.90
Cash	4	0.50	6	3.00

The basis for the assumed ROR for each of the above is as follows

Equities – 2% margin above the gross redemption yield on corporate bonds

Bonds – gross redemption yield on corporate bonds

Cash – the Bank of England's base rate

Contributions for the year ending 31 December 2010 are estimated to be £397,000

Amounts for the current and previous four years are as follows:

	2009 £	2008 £	2007 £	2006 £	2005 £
Defined benefit obligation	(4,384,000)	(2,521,000)	(2,340,000)	(1,575,000)	(1,071,000)
Plan assets	3,407,000	2,182,000	2,312,000	1,635,000	1,131,000
(Deficit) surplus	(977,000)	(339,000)	(28,000)	60,000	60,000
Experience adjustments on plan liabilities	(1,218,000)	574,000	(157,000)	(3,000)	(53,000)
Experience adjustments on plan assets	506,000	(844,000)	171,000	56,000	167,000

14 Share capital

	2009 £	2008 £
Authorised		
1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called up and fully paid		
1,229,002 Ordinary shares of £1 each	1,229,002	1,229,002

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

15 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	296,923	2,863,812
Profit for the financial year	-	6,118,900
Dividends paid	-	(6,243,161)
Actuarial loss on pension scheme net of related deferred tax movement	-	(509,040)
	<hr/>	<hr/>
Balance at 31 December 2009	296,923	2,230,511
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	6,118,900	5,792,309
Dividends paid	(6,243,161)	(4,145,821)
Actuarial loss on pension scheme net of related deferred tax movement	(509,040)	(194,400)
	<hr/>	<hr/>
Net (decrease) increase in shareholders' funds	(633,301)	1,452,088
Opening shareholders' funds	4,389,737	2,937,649
	<hr/>	<hr/>
Closing shareholders' funds	3,756,436	4,389,737
	<hr/>	<hr/>

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2009

17 Financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Within one year	-	75,000	6,737	-
Between two and five years	84,000	-	1,443	8,180
In over five years	103,000	103,000	-	-
	<u>187,000</u>	<u>178,000</u>	<u>8,180</u>	<u>8,180</u>

At the year end the company had commitments for forward foreign currency contracts amounting to £1,081,050 (2008 £1,063,407) and has given a bank guarantee in respect of a customer deposit amounting to £nil (2008 £506,511)

18 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	1,001,792	959,030

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 4 (2008 4)

Emoluments disclosed above include the following amounts paid to the highest paid director, being also the chairman

Emoluments for qualifying services	473,713	453,251
Accrued pension at the end of the year	31,098	25,673
Accrued lump sum at the end of the year	207,324	171,156

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009	2008
	Number	Number
Staff	53	53
Operatives	55	49
	<u>108</u>	<u>102</u>

TBS ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **for the year ended 31 December 2009**

19 Employees (continued)

Employment costs	2009 £	2008 £
Wages and salaries	4,331,733	4,055,329
Social security costs	451,106	424,145
Other pension costs (including current service cost of £298,000 (2008 £412,000) (note 13))	415,405	531,014
	<hr/>	<hr/>
	5,198,244	5,010,488
	<hr/>	<hr/>

20 Control

The company is wholly owned by its immediate parent company, MiTek Holdings Inc a company incorporated in the United States of America. The parent company of the smallest group for which group financial statements are prepared is MiTek Inc, a company incorporated in the United States of America. Copies of group financial statements can be obtained from 14515 North Outer Forty, Suite 300, Chesterfield, Missouri 63017, USA. The ultimate parent company is Berkshire Hathaway Inc, a company incorporated in the United States of America, and copies of group financial statements can be obtained from 1440 Kiewit Plaza, Omaha, Nebraska, USA.

21 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with wholly owned group members. Transactions and balances with the company's joint venture, TBS Digatron Qingdao Co Ltd, have not been disclosed in the financial statements as, in the opinion of the directors, such amounts are not material.