

152477

TORIN LIMITED

REPORT and ACCOUNTS

31 December 1996



TORIN LIMITED

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TORIN LIMITED

Registered No. 152477

DIRECTORS

L Rutter
N Tucker
S Diamond

SECRETARY

S Diamond

AUDITORS

Ernst & Young
Old Town Court
10-14 High Street
Swindon SN1 3EP

BANKERS

Lloyds Bank Plc
Bristol Branch
PO Box 153
55 Corn Street
Bristol BS99 7LE

SOLICITORS

Osborne Clarke
30 Queen Charlotte Street
Bristol
BS99 7QQ

REGISTERED OFFICE

Greenbridge
Swindon
Wiltshire SN3 3JB

TORIN LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,188,000 (1995 - £521,000).

The directors recommended and paid a dividend of £240,000 (1995 - £3,830,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the design and manufacture of air movement equipment. Company development has been satisfactory and is expected to continue to be so.

FIXED ASSETS

Changes to the company's fixed assets during the period are described in Note 11 to the accounts.

RESEARCH AND DEVELOPMENT

The company carries out research and development in support of its products and services. The amount spent on research and development is disclosed in Note 4 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

L Rutter
N Tucker
S Diamond

No director had any interest in the shares of the company. Mr L Rutter, Mr N Tucker and Mr S Diamond are also directors of Torin Holdings Limited, the ultimate parent undertaking, and their interests in the shares of that company are disclosed in its accounts.

GENERAL INFORMATION

Information concerning employees and their remuneration is given in note 6. Consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety.

It is the company's policy to encourage the employment, training and career development of disabled persons. If employees become disabled every effort is made for them to continue in employment or receive appropriate training. In order to safeguard its employees, the company pursues a policy, which seeks to achieve, as far as practicably possible, secure working environments and training standards at all operating locations.

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by S310 (3) of the Companies Act 1985.

TORIN LIMITED

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'S. J. L.', written in a cursive style.

20.2.97

Secretary

TORIN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Torin Limited

We have audited the accounts on pages 7 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

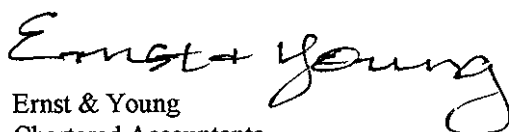
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young

Chartered Accountants
Registered Auditor
Swindon

20 Feb '97

TORIN LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
TURNOVER	2	11,465	9,045
OPERATING COSTS	3	<u>(9,749)</u>	<u>(8,314)</u>
OPERATING PROFIT	4	1,716	731
Interest receivable and similar income	7	60	10
Interest payable and similar charges	8	<u>-</u>	<u>(16)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,776	725
Taxation	9	<u>(588)</u>	<u>(204)</u>
PROFIT FOR THE FINANCIAL YEAR		1,188	521
Dividends	10	<u>(240)</u>	<u>(3,830)</u>
PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR		<u>948</u>	<u>(3,309)</u>

RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit attributable to the shareholders of £1,188,000 in the year to 31 December 1996 and the profit of £521,000 in the year to 31 December 1995.

TORIN LIMITED**BALANCE SHEET
at 31 December 1996**

	Notes	1996 £000	1995 £000
FIXED ASSETS	11	850	842
CURRENT ASSETS			
Stocks	12	1,230	1,215
Debtors	13	2,966	2,118
Cash at bank and in hand		<u>1,286</u>	<u>978</u>
		5,482	4,311
CREDITORS: amounts falling due within one year	14	<u>2,453</u>	<u>2,221</u>
NET CURRENT ASSETS		<u>3,029</u>	<u>2,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,879	2,932
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Tax	15	(77)	(82)
Warranty	15	<u>(22)</u>	<u>(18)</u>
		(99)	(100)
		<u>3,780</u>	<u>2,832</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,000	2,000
Profit and loss account	17	<u>1,780</u>	<u>832</u>
Equity shareholders' funds		<u>3,780</u>	<u>2,832</u>

Approved by the Board on

 20/2/97

Director

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Tangible assets are depreciated over their estimated useful lives at the following rates, applied to original cost or subsequent valuation;

Buildings	4.0%
Plant and machinery	7.5% - 35%

Leased assets

Rentals under operating leases are charged to profit and loss account as incurred.

Stocks

Stocks are valued at the lower of cost or net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads in the case of work in progress and finished goods. Provision is made for obsolete and slow moving items.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Provisions for Liabilities and Charges

Provision for the expected cost of maintenance under warranties are charged against profits when the products have been invoiced. They are determined using historical information.

Research and development

Research and development expenditure is generally expensed as incurred, except where a major project is undertaken and it is reasonably anticipated that certain expenditure will be recovered through future commercial development.

TORIN LIMITED**NOTES TO THE ACCOUNTS****at 31 December 1996****2. TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from goods produced in the United Kingdom. Turnover and profit on ordinary activities before taxation is attributable to one activity, the design and manufacture of air movement equipment.

An analysis of turnover by geographical market is as follows:

	1996 £000	1995 £000
United Kingdom	7,527	5,111
Europe	3,342	3,347
The Americas	592	576
Rest of the World	<u>4</u>	<u>11</u>
	<u>11,465</u>	<u>9,045</u>

3. OPERATING COSTS

	1996 £000	1995 £000
Change in stocks of finished goods and work in progress	(24)	(14)
Own work capitalised	(1)	(2)
Raw materials and consumables	5,541	4,432
Other external charges	1,528	1,561
Staff costs (note 6)	2,512	2,134
Depreciation	203	200
(Profit)/Loss on sale of fixed assets	<u>(10)</u>	<u>3</u>
	<u>9,749</u>	<u>8,314</u>

4. OPERATING PROFIT

	1996 £000	1995 £000
This is stated after charging:		
Auditor's remuneration:		
- as auditors	12	12
Depreciation of owned fixed assets	203	200
Research and development expenditure written off	264	215
Operating lease rentals - plant and machinery	8	14
- land and buildings	<u>3</u>	<u>3</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS
at 31 December 1996

5. DIRECTORS' REMUNERATION

The emoluments of Lee Rutter, Steven Diamond and Nigel Tucker are disclosed in the accounts of the parent company Torin Holdings Limited.

6. STAFF COSTS

	1996 £000	1995 £000
Wages and salaries	2,191	1,826
Social security costs	218	178
Other pension costs	<u>103</u>	<u>130</u>
	<u>2,512</u>	<u>2,134</u>

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

	1996 No.	1995 No.
Administration	9	8
Production	134	120
Marketing/sales/R&D	<u>13</u>	<u>12</u>
	<u>156</u>	<u>140</u>

TORIN LIMITED**NOTES TO THE ACCOUNTS
at 31 December 1996****7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1996 £000	1995 £000
Interest on short term deposits	41	10
Foreign currency gain	<u>19</u>	<u>-</u>
	<u>60</u>	<u>10</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £000	1995 £000
Foreign currency loss	<u>-</u>	<u>16</u>
	<u>-</u>	<u>16</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £000	1995 £000
UK Corporation Tax at 33% (1995:33%)	593	116
Payment for group relief	-	14
Deferred taxation	<u>(5)</u>	<u>74</u>
	<u>588</u>	<u>204</u>

10. DIVIDENDS

	1996 £000	1995 £000
Dividend to previous parent in July 1995	-	3,700
Ordinary dividend - paid 12.0p per share (1994 - 6.5p)	<u>240</u>	<u>130</u>
	<u>240</u>	<u>3,830</u>

TORIN LIMITED**NOTES TO THE ACCOUNTS
at 31 December 1996****11. TANGIBLE FIXED ASSETS**

	Land and Buildings £000	Plant and machinery £000	Total £000
Cost or valuation:			
At 1 January 1996		2,803	2,803
Additions	45	171	216
Disposals	<u>-</u>	<u>(43)</u>	<u>(43)</u>
At 31 December 1996	<u>45</u>	<u>2,931</u>	<u>2,976</u>
Depreciation:			
At 1 January 1996		1,961	1,961
Charge for the year	-	203	203
Disposals	<u>-</u>	<u>(38)</u>	<u>(38)</u>
At 31 December 1996	<u>-</u>	<u>2,126</u>	<u>2,126</u>
Net book value:			
At 31 December 1996	<u>45</u>	<u>805</u>	<u>850</u>
At 1 January 1996	<u>-</u>	<u>842</u>	<u>842</u>

12. STOCKS

	1996 £000	1995 £000
Raw materials and consumables	784	793
Work in progress	320	320
Finished goods	<u>126</u>	<u>102</u>
	<u>1,230</u>	<u>1,215</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1996

13.	DEBTORS: amounts falling due within one year	1996 £000	1995 £000	
	Trade debtors	1,717	1,593	
	Amounts due from parent undertaking	1,200	450	
	Other debtors	-	34	
	Prepayments	<u>49</u>	<u>41</u>	
		<u>2,966</u>	<u>2,118</u>	
14.	CREDITORS: amounts falling due within one year	1996 £000	1995 £000	
	Trade creditors	1,459	1,611	
	Amounts due to parent undertaking	23	14	
	Corporation tax	570	96	
	Other taxes and social security costs	49	55	
	Other creditors	10	20	
	Accruals	<u>342</u>	<u>425</u>	
		<u>2,453</u>	<u>2,221</u>	
15.	PROVISIONS FOR LIABILITIES AND CHARGES			
		Warranty £000	Deferred Taxation £000	Total £000
	At 1 January	18	82	100
	Arising during the year	4		4
	Utilised	-	(5)	(5)
	At 31 December	<u>22</u>	<u>77</u>	<u>99</u>

Deferred taxation is provided in the accounts and the amounts not provided are as follows:

	Provided		Not Provided	
	1996 £000	1995 £000	1996 £000	1995 £000
Capital allowances in advance of depreciation	80	83	-	-
Other timing differences	<u>(3)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u>77</u>	<u>82</u>	<u>-</u>	<u>-</u>

16. SHARE CAPITAL

	Authorised, allotted called up and fully paid	
	1996 £000	1995 £000
2,000,000 Ordinary Shares of £1 each	<u>2,000</u>	<u>2,000</u>

TORIN LIMITED**NOTES TO THE ACCOUNTS**
at 31 December 1996**17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
At 1 January 1995	2,000	4,141	6,141
Profit for the year	-	521	521
Dividends	<u>-</u>	<u>(3,830)</u>	<u>(3,830)</u>
At 31 December 1995	2,000	832	2,832
Profit for the year	-	1,188	1,188
Dividends	<u>-</u>	<u>(240)</u>	<u>(240)</u>
At 31 December 1996	<u>2,000</u>	<u>1,780</u>	<u>3,780</u>

18. CAPITAL COMMITMENTS

	1996 £000	1995 £000
Contracted	12	23
Authorised but not yet contracted for	<u>-</u>	<u>6</u>
	<u>12</u>	<u>29</u>

19. OPERATING LEASE COMMITMENTS

At 31 December 1996 the company had commitments under operating leases to make payments in 1997 under agreements expiring as below:

	Land and buildings £000	1996 Other £000	Land and buildings £000	1995 Other £000
Within one year	-	6	-	12
Within two or five years	-	2	-	2
In over five years	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
	<u>3</u>	<u>8</u>	<u>3</u>	<u>14</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 December 1996

20. CONTINGENT LIABILITIES

In accordance with provision contained in the Vat Tax Act 1983, the company has entered into a joint and several guarantee for Group Registrations.

The company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

21. PENSIONS

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the terms of the Scheme.

22. CASH FLOW STATEMENT

As the company is a wholly owned subsidiary undertaking of Torin Holdings Limited, a company registered in England and Wales, which prepares a consolidated cash flow statement, the company has taken advantage of the exemption provided under paragraph 8 of FRS 1 not to prepare a Cash Flow Statement.

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of Torin Limited is Torin Holdings Limited, a company registered in England and Wales. Copies of the group accounts of Torin Holdings Limited, the parent undertaking of the smallest and largest group preparing group accounts which include Torin Limited, can be obtained from the Company Secretarial Department, Torin Holdings Limited, Greenbridge, Swindon, Wiltshire SN3 3JB.