

TORIN LIMITED

registered No. 152477

REPORT and ACCOUNTS

For the five months ended 31 May 1997



TORIN LIMITED

DIRECTORS' REPORT

DIRECTORS'

L. Rutter
N. Tucker
S. Diamond

The directors present their report and accounts for the five months ended 31 May 1997.

RESULTS AND DIVIDENDS

The profit for the five months, after taxation, amounted to £412,000 (1996 (12 months) - £1,188,000).

The directors recommended and paid a dividend of £1,474,000 (1996 - £240,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The company's parent undertaking was purchased by Smiths Industries plc on 31 May 1997.

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 disclosable directors' interests in the share capital of Torin Holdings Ltd at the beginning and end of the financial period were as follows:

	At 31 May 1997 Ordinary shares	At 31 December 1996 Ordinary shares
Mr. L. Rutter	23,250	23,250
Mr. N. Tucker	21,000	21,000
Mr. S. Diamond	19,500	19,500

No director had any interest in the shares of the company.

TORIN LIMITED

DIRECTORS' REPORT (continued)

EVENTS SINCE THE BALANCE SHEET DATE

Torin Ltd.'s parent company, Torin Holdings Ltd., was acquired by Smiths Industries plc on 3 May 1997. Subsequently the business and assets of the Company were transferred to Smiths Industries Industrial Group Ltd. with effect from 3 August 1997.

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.

AUDITORS

A resolution to appoint Price Waterhouse as auditors will be put to the members at the Annual General Meeting.

A handwritten signature in black ink, appearing to be 'S. Diamond', with a long horizontal flourish extending to the right.

By order of the board

S. Diamond
Secretary
6 February 1998
Greenbridge
Swindon
Wiltshire
SN3 3JB

TORIN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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.

Price Waterhouse



**REPORT OF THE AUDITORS
to the members of Torin Limited**

We have audited the accounts on pages 5 to 14, which have been prepared the accounting policies set out on page 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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 May 1997 and of its profit for the five months then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants and
Registered Auditor
London

6 February 1998

TORIN LIMITED**PROFIT AND LOSS ACCOUNT
for the five months ended 31 May 1997**

	Notes	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
TURNOVER	2	4,815	11,465
OPERATING EXPENSES	3	<u>(4,178)</u>	<u>(9,749)</u>
OPERATING PROFIT	4	637	1,716
Interest receivable and similar income	7	23	60
Interest payable and similar charges	8	<u>(30)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		630	1,776
Taxation on profit on ordinary activities	9	<u>(218)</u>	<u>(588)</u>
PROFIT FOR THE FINANCIAL YEAR		412	1,188
Dividends	10	<u>(1,474)</u>	<u>(240)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>(1,062)</u>	<u>948</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit attributable to the shareholders of £412,000 in the five months to 31 May 1997 and the profit of £1,188,000 in the year to 31 December 1996.

**NOTE OF HISTORICAL COST PROFIT AND LOSSES FOR THE FIVE MONTH PERIOD
ENDED 31 MAY 1997**

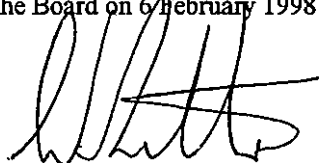
There is no material difference between the reported profit for the year and that which would be reported under the historical cost convention.

The notes on pages 7 to 14 form part of these accounts.

TORIN LIMITED**BALANCE SHEET
at 31 May 1997**

	Notes	As at 31 May 1997 £000	As at 31 December 1996 £000
FIXED ASSETS			
Tangible assets	11	<u>804</u>	<u>850</u>
CURRENT ASSETS			
Stocks	12	1,099	1,230
Debtors	13	3,938	2,966
Cash at bank and in hand		<u>72</u>	<u>1,286</u>
		5,109	5,482
CREDITORS: amounts falling due within one year	14	<u>(3,105)</u>	<u>(2,453)</u>
NET CURRENT ASSETS		<u>2,004</u>	<u>3,029</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,808</u>	<u>3,879</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred Tax	15	(65)	(77)
Warranty	15	<u>(25)</u>	<u>(22)</u>
		<u>(90)</u>	<u>(99)</u>
		<u>2,718</u>	<u>3,780</u>
CAPITAL AND RESERVES			
Called up share capital	16	2,000	2,000
Profit and loss account	17	<u>718</u>	<u>1,780</u>
Equity shareholders' funds		<u>2,718</u>	<u>3,780</u>

Approved by the Board on 6 February 1998

L. Rutter
Director

The notes on pages 7 to 14 form part of these accounts

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 May 1997

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.

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 May 1997

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.

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:

	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
United Kingdom	2,870	7,527
Europe	1,651	3,342
The Americas	288	592
Rest of the World	6	4
	<u>4,815</u>	<u>11,465</u>

3. OPERATING EXPENSES

	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
Change in stocks of finished goods and work in progress	44	(24)
Own work capitalised	-	(1)
Raw materials and consumables	2,273	5,541
Other external charges	680	1,528
Staff costs (note 6)	1,094	2,512
Depreciation	91	203
(Profit)/Loss on sale of fixed assets	(4)	(10)
	<u>4,178</u>	<u>9,749</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS
at 31 May 1997

4.	OPERATING PROFIT	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	Operating profit is stated after charging:		
	Depreciation of owned fixed assets	91	203
	Operating lease rentals - plant and machinery	4	8
	- other	1	3
	Auditor's remuneration: - as auditors	5	12
	Research and development expenditure written off	113	264

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	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	Wages and salaries	964	2,191
	Social security costs	93	218
	Other pension costs	37	103
		1,094	2,512

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

	5 months to 31 May 1997 No.	12 months to 31 December 1996 No.
Administration	9	9
Production	136	134
Marketing/sales/R&D	13	13
	158	156

TORIN LIMITED**NOTES TO THE ACCOUNTS
at 31 May 1997**

7.	INTEREST RECEIVABLE AND SIMILAR INCOME	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	Interest on short term deposits	23	41
	Foreign currency gain	-	19
		<u>23</u>	<u>60</u>
8.	INTEREST PAYABLE AND SIMILAR CHARGES	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	Foreign currency loss	30	-
		<u>30</u>	<u>-</u>
9.	TAX ON PROFIT ON ORDINARY ACTIVITIES	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	UK Corporation Tax at 32.2% (1995:33%)	230	593
	Deferred taxation	(12)	(5)
		<u>218</u>	<u>588</u>
10.	DIVIDENDS	5 months to 31 May 1997 £000	12 months to 31 December 1996 £000
	Ordinary dividend - paid 73.7p per share (1996 - 12.0p)	<u>1,474</u>	<u>240</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 May 1997

11. TANGIBLE ASSETS

	Long Leasehold Land & Buildings £000	Plant & Machinery £000	Total £000
Cost or valuation:			
At 1 January 1997	45	2,931	2,976
Additions	-	47	47
Disposals	-	(17)	(17)
At 31 May 1997	<u>45</u>	<u>2,961</u>	<u>3,006</u>
Depreciation:			
At 1 January 1997	-	2,126	2,126
Charge for the year	1	90	91
Disposals	-	(15)	(15)
At 31 May 1997	<u>1</u>	<u>2,201</u>	<u>2,202</u>
Net book value:			
At 31 May 1997	<u>44</u>	<u>760</u>	<u>804</u>
At 1 January 1997	<u>45</u>	<u>805</u>	<u>850</u>

12. STOCKS

	As at 31 May 1997 £000	As at 31 December 1996 £000
Raw materials and consumables	759	784
Work in progress	284	320
Finished goods	56	126
	<u>1,099</u>	<u>1,230</u>

The difference between the estimated replacement cost of stocks and the purchase price or production cost is not material.

13. DEBTORS: amounts falling due within one year

	As at 31 May 1997 £000	As at 31 December 1996 £000
Trade debtors	1,878	1,717
Amounts due from parent undertaking	1,600	1,200
Prepayments	91	49
Advance corporation tax	369	-
	<u>3,938</u>	<u>2,966</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 May 1997

	As at 31 May 1997 £000	As at 31 December 1996 £000
14. CREDITORS: amounts falling due within one year		
Trade creditors	1,531	1,459
Amounts due to parent undertaking	70	23
Other creditors	55	1
Corporation tax	800	570
Advance corporation tax	369	-
Social security and other taxes	50	49
Post retirement benefits	7	9
Accruals	223	342
	<u>3,105</u>	<u>2,453</u>

15. PROVISIONS FOR LIABILITIES & CHARGES

	Warranty £000	Deferred Taxation £000	Total £000
At 1 January 1997	22	77	99
Arising during the year	3	-	3
Utilised	-	(12)	(12)
At 31 May 1997	<u>25</u>	<u>65</u>	<u>90</u>

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

	Provided		Not Provided	
	As at 31 May 1997 £000	As at 31 December 1996 £000	As at 31 May 1997 £000	As at 31 December 1996 £000
Capital allowances in advance of depreciation	67	80	-	-
Other timing differences	<u>(2)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
	<u>65</u>	<u>77</u>	<u>-</u>	<u>-</u>

16. SHARE CAPITAL

	Authorised, allotted called up and fully paid	
	As at 31 May 1997 £000	As at 31 December 1996 £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 May 1997**17. RECONCILIATION OF SHAREHOLDERS' FUNDS & MOVEMENT ON RESERVES**

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 31 December 1995	2,000	832	2,832
Profit for the year	-	1,188	1,188
Dividends	-	(240)	(240)
At 31 December 1996	2,000	1,780	3,780
Profit for the five months	-	412	412
Dividends	-	(1,474)	(1,474)
At 31 May 1997	<u>2,000</u>	<u>718</u>	<u>2,718</u>

18. CAPITAL COMMITMENTS

	As at 31 May 1997 £000	As at 31 December 1996 £000
Contracted	69	12
Authorised but not yet contracted for	-	-
	<u>69</u>	<u>12</u>

19. OPERATING LEASE COMMITMENTS

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

	As at 31 May 1997		As at 31 December 1996	
	Land and Buildings £000	Other Leases £000	Land and Buildings £000	Other Leases £000
Within one year	-	5	-	6
Within two or five years	-	1	-	2
Over five years	3	-	3	-
	<u>3</u>	<u>6</u>	<u>3</u>	<u>8</u>

TORIN LIMITED

NOTES TO THE ACCOUNTS at 31 May 1997

20. CONTINGENT LIABILITIES

In accordance with provisions contained in the VAT Act 1994, the company is joint and severally liable for VAT payable by the representative member of its VAT group.

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.