

**KPMG**

# **TKR International Limited**

**Directors' report and financial statements**

**For the year ended 31 December 1995**

**Registered number 341757**



# TKR International Limited

## Directors' report and financial statements

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# TKR International Limited

## Directors' report

The directors submit their report with the financial statements for the year ended 31 December 1995.

### Principal activities and business review

With effect from 31 December 1994, as part of the rationalisation of the Charles Baynes Aerospace businesses, the business and net assets of TKR Aerospace Limited (formerly TKR International Limited) and Truflo Gas Turbines Limited were transferred to the company at net book value.

The principal activity of the company throughout the year has been the manufacture of sheet metal components and the machining and fabrication of components for gas turbines.

### Results

The results of the company and the transfer to reserves for the year are set out in the profit and loss account on page 4.

### Dividend

No dividend (1994: £Nil) was paid during the year.

### Directors

The directors who served during the year were as follows:

CE Cropley	(Appointed 1 January 1995)
RV Danson	(Appointed 1 January 1995)
BH Gilroy	(Appointed 1 January 1995)
W Swale	(Appointed 1 January 1995)
BG McInnes	(Resigned 25 May 1995)
RS Grindy	(Resigned 25 May 1995)
JA Perkins	(Resigned 25 May 1995)
EJ Price	(Resigned 25 May 1995)
Coach House Management Services Limited	(Appointed 25 May 1995)

# TKR International Limited

## Directors' report (continued)

### Directors' interests

No director had any interest in the share capital of the company during the year.  
The interests of the directors in the share capital of Charles Baynes plc at 31 December 1995 were:

	Ordinary shares of 10p each		Options in respect of 10p ordinary shares	
	31 December 1995	1 December 1995	31 December 1995	1 December 1995
CE Cropley	92,350	81,662	299,146	308,689
RV Danson	12,950	12,950	70,681	60,854
BH Gilroy	-	-	64,569	64,569
W Swale	11,352	5,000	49,542	53,352

### Statement of directors' responsibilities

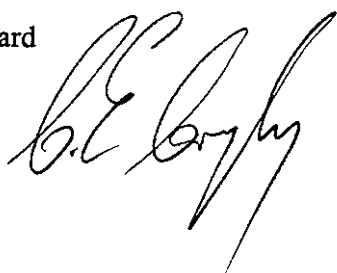
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

CE Cropley  
Secretary



68 Baker Street  
Weybridge  
Surrey  
KT13 8AL

13 March 1996



2 Cornwall Street  
Birmingham B3 2DL

## Auditors' report to the members of TKR International Limited

We have audited the financial statements on pages 4 to 15.

### *Respective responsibilities of directors and auditors*

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

13 March 1996

*Chartered Accountants  
Registered Auditors*



# TKR International Limited

## Profit and loss account

for the year ended 31 December 1995

	Note	1995 £'000	1994 £'000
Turnover	2	12,350	-
Cost of sales		(11,269)	-
<b>Gross profit</b>		<b>1,081</b>	<b>-</b>
Other operating costs	3	(2,213)	-
Other operating income		1	-
<b>Operating profit</b>		<b>(1,131)</b>	<b>-</b>
Loss on termination of engine components activities		(550)	-
Amounts written off investments		-	(524)
<b>Loss before interest</b>		<b>(1,681)</b>	<b>(524)</b>
Interest payable	4	(304)	-
<b>Loss before taxation</b>	5	<b>(1,985)</b>	<b>-</b>
Taxation	8	653	-
<b>Loss after taxation being retained loss for the year</b>		<b>(1,332)</b>	<b>(524)</b>
Retained loss brought forward		(421)	103
<b>Retained loss carried forward</b>		<b>(1,753)</b>	<b>(421)</b>

The results of the company derive entirely from its continuing operations.

The company has no recognised gains or losses in either financial year other than the results above and therefore, no separate statement of total recognised gains or losses has been presented.

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in either the current or preceding financial year.

# TKR International Limited

Balance sheet  
at 31 December 1995

	Note	1995 £'000	1994 £'000
<b>Fixed assets</b>			
Investments	9	-	-
Tangible assets	10	2,669	2,270
		<u>2,669</u>	<u>2,270</u>
<b>Current assets</b>			
Stocks	11	2,463	2,234
Debtors	12	3,521	3,283
Cash at bank and in hand		-	3
		<u>5,984</u>	<u>5,520</u>
<b>Creditors: Amounts falling due within one year</b>	13	(4,846)	(5,181)
<b>Net current assets</b>		<u>1,138</u>	<u>339</u>
<b>Total assets less current liabilities</b>		<u>3,807</u>	<u>2,609</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	(2,920)	(451)
Provisions for liabilities and charges	15	(256)	(195)
		<u>631</u>	<u>1,963</u>
<b>Capital and reserves</b>			
Called up share capital	16	2,384	2,384
Profit and loss account		(1,753)	(421)
<b>Shareholders' funds</b>	17	<u>631</u>	<u>1,963</u>

These financial statements were approved by the board of directors on 13 March 1996 and were signed on its behalf by:

CE Cropley  
Director



# TKR International Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistency in dealing with items which are considered material in relation to the company's financial statements:

#### *Basis of accounting*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

#### *Depreciation*

Depreciation is provided so as to write off the cost, less estimated residual value, of tangible fixed assets in equal annual instalments, over their estimated useful lives, as follows:

Plant, machinery and equipment	-	4 to 10 years
Motor vehicles	-	4 years

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. For work in progress, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

#### *Group financial statements*

In accordance with Section 228(1) of the Companies Act 1985, the company is exempt from the obligation to prepare and deliver group financial statements. The results of the company and its subsidiary undertakings are incorporated within the consolidated financial statements of Charles Baynes plc.

#### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are stated at cost less, where applicable, a provision for permanent diminution in value.

#### *Research and development expenditure*

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



# TKR International Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risk and rewards of ownership of an asset, the lease is treated as a finance lease and the asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account and the capital element, which reduces the outstanding obligation for future instalments included in creditors.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account as incurred.

#### *Pension scheme*

The company participates in a group money purchase pension scheme. Contributions made to the scheme are charged to the profit and loss account in the year in which they are payable.

#### *Cash flow*

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company incorporated in Great Britain.

### 2 Turnover

Turnover is derived from the activity which is undertaken in Great Britain, and is analysed by destination as follows:

	1995 £'000	1994 £'000
United Kingdom	10,209	-
Rest of Europe	2,129	-
Americas	2	-
Far East and Australasia	9	-
Middle East & Africa	1	-
	<hr/>	<hr/>
	12,350	-
	<hr/>	<hr/>

# TKR International Limited

## Notes (continued)

### 3 Other operating costs

	1995 £'000	1994 £'000
Selling and distribution costs	471	-
Administrative expenses	1,742	-
	<u>2,213</u>	<u>-</u>

### 4 Interest payable

	1995 £'000	1994 £'000
On bank loans, overdrafts and other loans wholly repayable within five years	304	-
	<u>304</u>	<u>-</u>

### 5 Loss on ordinary activities before taxation

	1995 £'000	1994 £'000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets	375	-
Auditors' remuneration and expenses - audit fees	18	-
Rentals payable for: land and buildings	341	-
: plant, machinery and vehicles	31	-
	<u>765</u>	<u>-</u>

# TKR International Limited

## Notes (continued)

### 6 Directors' emoluments

	1995 £'000	1994 £'000
Remuneration as executives	217	-
Pension contributions	17	-
	<u>234</u>	<u>-</u>

Emoluments of the chairman and highest paid directors, excluding pension contributions, were:

	£'000	£'000
Chairman	-	-
Highest paid director	50	-

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	Number of directors	
	1995	1994
£0 - £ 5,000	5	5
£40,001 - £45,000	1	-
£45,001 - £50,000	3	-

# TKR International Limited

## Notes (continued)

### 7 Staff numbers and costs

The average number of employees (including executive directors) during the year was as follows:

	Number of employees	
	1995	1994
Production	227	-
Administration	24	-
Selling and distribution	3	-
	<u>254</u>	<u>-</u>

The aggregate payroll costs of these employees were as follows:

	£'000	£'000
Wages and salaries	4,673	-
Social security costs	450	-
Other pension costs	92	-
	<u>5,215</u>	<u>-</u>

### 8 Taxation on loss on ordinary activities

	1995	1994
	£'000	£'000
Taxation charge/(credit) based on the loss for the year:		
Corporation tax at 33%	(681)	-
Deferred taxation	29	-
	<u>(652)</u>	<u>-</u>
Adjustments relating to prior years:		
Corporation tax	(33)	-
Deferred taxation	32	-
	<u>(653)</u>	<u>-</u>

# TKR International Limited

## Notes (continued)

### 9 Investments

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At beginning and end of year	524
<b>Provisions</b>	
At beginning and end of year	524
<b>Net book value</b>	
At 31 December 1994 and 1995	-

At 31 December 1995, the company owned the following wholly owned subsidiaries, all of which are registered in England and Wales:

Company	Ordinary shares held	Activity
TKR Aerospace Limited	100%	Dormant
Truflo Gas Turbines Limited	100%	Dormant

# TKR International Limited

## Notes (continued)

### 10 Tangible assets

	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
At beginning of year	5,030	172	5,202
Additions	878	20	898
Disposals	(314)	(60)	(374)
	<hr/>	<hr/>	<hr/>
At end of year	5,594	132	5,726
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	2,836	96	2,932
Charge for year	349	26	375
Disposals	(199)	(51)	(250)
	<hr/>	<hr/>	<hr/>
At end of year	2,986	71	3,057
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1995	2,608	61	2,669
	<hr/>	<hr/>	<hr/>
At 31 December 1994	2,194	76	2,270
	<hr/>	<hr/>	<hr/>

### 11 Stock

	1995 £'000	1994 £'000
Raw materials	828	327
Work in progress	1,635	1,799
Finished goods	-	108
	<hr/>	<hr/>
	2,463	2,234
	<hr/>	<hr/>

# TKR International Limited

## Notes (continued)

### 12 Debtors

	1995 £'000	1994 £'000
Trade debtors	3,281	3,137
Amounts due from group undertakings	65	40
Other debtors	100	19
Prepayments and accrued income	75	87
	<u>3,521</u>	<u>3,283</u>

### 13 Creditors: Amounts falling due within one year

	1995 £'000	1994 £'000
Bank loans and overdrafts	1,360	2,324
Trade creditors	1,882	1,608
Amounts owed to group undertakings	653	341
Corporation tax payable	-	270
Other taxes and social security	276	120
Other creditors	144	192
Accruals and deferred income	531	326
	<u>4,846</u>	<u>5,181</u>

### 14 Creditors: Amounts falling due after more than one year

	1995 £'000	1994 £'000
Amounts owed to parent company	2,832	363
Amounts owed to subsidiary undertakings	88	88
	<u>2,920</u>	<u>451</u>

# TKR International Limited

## Notes (continued)

### 15 Provisions for liabilities and charges

	Deferred taxation £'000	Other provisions £'000	Total £'000
At beginning of year	95	100	195
Charge			
- current year	29	-	29
- prior year	32	-	32
	<hr/>	<hr/>	<hr/>
At end of year	156	100	256
	<hr/>	<hr/>	<hr/>

The amounts relating to deferred taxation, being the full potential liability, are as follows:

	1995 £'000	1994 £'000
Accelerated capital allowances	222	128
Other timing differences	(66)	(33)
	<hr/>	<hr/>
	156	95
	<hr/>	<hr/>

### 16 Share capital

	1995 £'000	1994 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
9,272,000 deferred ordinary shares of 25p each	2,318	2,318
6,600,000 ordinary shares of 1p each	66	66
	<hr/>	<hr/>
	2,384	2,384
	<hr/>	<hr/>

### 17 Movement in shareholders' funds

	1995 £'000	1994 £'000
(Loss)/profit for the financial year	(1,332)	(524)
Shareholders' funds at beginning of year	1,963	2,487
	<hr/>	<hr/>
Shareholders' funds at end of year	631	1,963
	<hr/>	<hr/>



# TKR International Limited

## Notes (continued)

### 18 Ultimate parent company

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which this company is a member is Charles Baynes plc, a company incorporated in Great Britain and registered in England and Wales. This undertaking is also the ultimate parent company.

The consolidated financial statements of this company are available to the public and may be obtained from 68 Baker Street, Weybridge, Surrey, KT13 8AL. No other group financial statements include the results of the company.

### 19 Country of incorporation

The company was incorporated in Great Britain and registered in England and Wales.

### 20 Commitments

	1995 £'000	1994 £'000
Capital commitments:		
Authorised and contracted	50	-
	<hr/>	<hr/>
Annual commitments under operating leases:		
Land and buildings:		
Expiring after five years	341	341
	<hr/>	<hr/>