

# **TKR International Limited**

## **Directors' report and financial statements**

**For the year ended 31 December 1996**

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 1996.

### Activities

The principal activity of the company up to 31 October 1996 has been the manufacture of sheet metal components.

### Review of the business

On 31 October 1996, as part of the rationalisation of the Charles Baynes Aerospace businesses, the business and net assets of TKR International Limited were transferred to Aeromet International PLC, a fellow subsidiary company, at net book value.

### 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. The directors do not recommend the payment of a dividend (1995: £Nil).

### Fixed assets

Information relating to changes in fixed assets is given in notes 9 and 10 of the financial statements.

### Directors and directors' interests

The directors who served during the year were as follows:

CE Cropley	(Resigned 31 August 1996)
RV Danson	(Deceased 15 July 1996)
BH Gilroy	(Resigned 31 August 1996)
W Swale	(Resigned 31 August 1996)
TT Noble	(Resigned 31 August 1996)
Coach House Management Services Limited	
Baker Street Corporate Services Limited	(Appointed 21 November 1996)
BJB Steven	(Appointed 31 August 1996, Resigned 21 November 1996)

No director had any interest in the share capital of group companies at the year end.

# TKR International Limited

## Directors' report (*continued*)

### 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



**K Lawton**  
*Secretary*

Eurolink Industrial Estate  
Sittingbourne  
Kent  
ME10 3RN

12 March 1997



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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*John M. Audit 11*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

12 March 1997



# TKR International Limited

## Profit and loss account for the year ended 31 December 1996

	<i>Note</i>	<b>1996</b> <b>£000</b>	<b>1995</b> <b>£000</b>
<b>Turnover</b>	2	<b>9,292</b>	12,350
Cost of sales	3	<b>(7,538)</b>	(11,269)
<b>Gross profit</b>		<b>1,754</b>	1,081
Other operating costs	3	<b>(1,228)</b>	(2,213)
Other operating income		<b>2</b>	1
<b>Operating profit/(loss)</b>		<b>528</b>	(1,131)
Loss on termination of engine components activities		-	(550)
Interest payable	4	<b>(169)</b>	(304)
<b>Profit/(loss) before taxation</b>	5	<b>359</b>	(1,985)
Taxation	8	<b>(109)</b>	653
<b>Profit/(loss) after taxation being retained profit/(loss) for the year</b>		<b>250</b>	(1,332)
Retained loss brought forward		<b>(1,753)</b>	(421)
<b>Retained loss carried forward</b>		<b>(1,503)</b>	(1,753)

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.

All of the company's results are derived from discontinued operations since the business and assets of the company were sold, at net book value, to Aeromet International PLC, a fellow subsidiary undertaking on 31 October 1996.

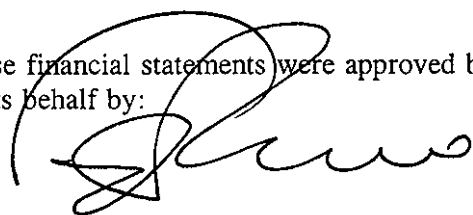
# TKR International Limited

## Balance sheet

at 31 December 1996

	Note	1996		1995	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Investments	9		-		-
Tangible assets	10		-		2,669
					<u>2,669</u>
<b>Current assets</b>					
Stock	11	-		2,463	
Debtors	12	990		3,521	
					<u>5,984</u>
<b>Creditors: Amounts falling due within one year</b>	13	(109)		(4,846)	
					<u>1,138</u>
<b>Net current assets</b>			881		1,138
<b>Total assets less current liabilities</b>			881		3,807
<b>Creditors: Amounts falling due after more than one year</b>	14		-		(2,920)
<b>Provisions for liabilities and charges</b>	15		-		(256)
					<u>631</u>
<b>Capital and reserves</b>					
Called up share capital	16		2,384		2,384
Profit and loss account			(1,503)		(1,753)
<b>Shareholders' funds</b>	17		881		631

These financial statements were approved by the board of directors on 12 March 1997 and were signed on its behalf by:



**Coach House Management Services Limited**  
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.

No cash flow statement has been presented as the company is a wholly owned subsidiary of Charles Baynes plc whose consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group.

#### *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

#### *Stock*

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.

#### *Related party transactions*

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Charles Baynes plc and its results are included in consolidated financial statements of Charles Baynes plc.

### 2 Turnover

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

	1996 £000	1995 £000
United Kingdom	6,946	10,210
Rest of Europe	2,313	2,129
United States	33	2
Asia Pacific	-	9
	<hr/>	<hr/>
	9,292	12,350
	<hr/>	<hr/>

# TKR International Limited

## Notes (continued)

### 3 Analysis of trading

	1996 £000	1995 £000
Cost of sales	7,538	11,269
<i>Other operating costs</i>		
Selling and distribution costs	328	471
Administrative expenses	900	1,742
	1,228	2,213

### 4 Interest payable

	1996 £000	1995 £000
On bank loans, overdrafts and other loans wholly repayable within five years	85	304
Payable to group undertakings	84	-
	169	304

### 5 Profit/(loss) on ordinary activities before taxation

	1996 £000	1995 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging</i>		
Depreciation of tangible fixed assets	332	375
Auditors' remuneration and expenses - audit fees	13	18
Rentals payable for: : land and buildings	295	341
: plant, machinery and vehicles	19	31

# TKR International Limited

## Notes (continued)

### 6 Directors' emoluments

	1996 £000	1995 £000
Remuneration as executives	197	217
Pension contributions	33	17
	<u>230</u>	<u>234</u>

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

	£000	£000
Chairman	-	-
Highest paid director	<u>62</u>	<u>50</u>

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

	Number of directors	
	1996	1995
£0 - £5,000	3	5
£25,001 - £30,000	2	-
£35,001 - £40,000	1	-
£40,001 - £45,000	1	1
£45,001 - £50,000	-	3
£60,001 - £65,000	1	-
	<u>1</u>	<u>1</u>

# 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	
	1996	1995
Production	191	227
Administration	23	24
Selling and distribution	3	3
	<u>217</u>	<u>254</u>

The aggregate payroll costs of these employees were as follows:

	£000	£000
Wages and salaries	3,192	4,673
Social security costs	297	450
Other pension costs	66	92
	<u>3,555</u>	<u>5,215</u>

### 8 Taxation on loss on ordinary activities

	1996	1995
	£000	£000
Taxation charge/(credit) based on the loss for the year:		
Corporation tax at 33%	109	(681)
Deferred taxation	-	29
	<u>109</u>	<u>(652)</u>
Adjustments relating to prior years:		
Corporation tax	(16)	(33)
Deferred taxation	16	32
	<u>109</u>	<u>(653)</u>

# TKR International Limited

## Notes (continued)

### 9 Investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	524
Disposals	(524)
	<hr/>
At end of year	-
	<hr/>
<i>Provisions</i>	
At beginning of year	524
Utilised	(524)
	<hr/>
At end of year	-
	<hr/>
<i>Net book value</i>	
At 31 December 1995 and 1996	-
	<hr/>

During the year the company sold the entire issued share capital of TKR Aerospace Limited and Truflo Gas Turbines Limited to a group undertaking for nominal consideration.

# TKR International Limited

Notes (continued)

Notes (continued)

## 10 Tangible assets

	Plant, machinery and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>			
At beginning of year	5,594	132	5,726
Additions	166	14	180
Disposals	(418)	(46)	(464)
Transfer to group undertaking	(5,342)	(100)	(5,442)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	2,986	71	3,057
Charge for year	309	23	332
Disposals	(418)	(43)	(461)
Transfer to group undertaking	(2,877)	(51)	(2,928)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 1996	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 1995	2,608	61	2,669
	<hr/>	<hr/>	<hr/>

## 11 Stock

	1996 £000	1995 £000
Raw materials	-	828
Work in progress	-	1,635
	<hr/>	<hr/>
	-	2,463
	<hr/>	<hr/>

# TKR International Limited

## Notes (continued)

### 12 Debtors

	1996 £000	1995 £000
Trade debtors	-	3,281
Amounts due from group undertakings	990	65
Other debtors	-	100
Prepayments and accrued income	-	75
	<u>990</u>	<u>3,521</u>

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

	1996 £000	1995 £000
Bank loans and overdrafts	-	1,360
Trade creditors	-	1,882
Amounts owed to group undertakings	-	653
Corporation tax payable	109	-
Other taxes and social security	-	276
Other creditors	-	144
Accruals and deferred income	-	531
	<u>109</u>	<u>4,846</u>

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

	1996 £000	1995 £000
Amounts owed to parent company	-	2,832
Amounts owed to subsidiary undertakings	-	88
	<u>-</u>	<u>2,920</u>

# TKR International Limited

## Notes (continued)

### 15 Provisions for liabilities and charges

	Deferred taxation £000	Other provisions £000	Total £000
At beginning of year	156	100	256
Transfers to group undertaking	(156)	(100)	(256)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>

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

	1996 £000	1995 £000
Accelerated capital allowances	-	222
Other timing differences	-	(66)
	<hr/>	<hr/>
	-	156
	<hr/>	<hr/>

### 16 Called up share capital

	1996 £000	1995 £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 Reconciliation of movement in shareholders' funds

	1996 £000	1995 £000
Profit/(loss) for the financial year	250	(1,332)
Shareholders' funds at beginning of year	631	1,963
	<hr/>	<hr/>
Shareholders' funds at end of year	881	631
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# TKR International Limited

## Notes (continued)

### 18 Commitments

	1996 £000	1995 £000
Capital commitments:		
Authorised and contracted	-	50
	<hr/>	<hr/>
Annual commitments under operating leases:		
Land and buildings:		
Expiring after five years	-	341
	<hr/>	<hr/>

### 19 Ultimate parent company

The ultimate parent company is Charles Baynes plc, a company incorporated in Great Britain and registered in England and Wales.

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.

### 20 Country of incorporation

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