

REGISTRAR

2754482

# Thermal Transfer Technology Limited

## Report and Abbreviated Accounts

30 September 2003

**ERNST & YOUNG**



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COMPANIES HOUSE

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Registered No: 2754482

**Directors**

Mr M B Thomsen  
Mr A G Thomsen  
Mr I Pearson  
Mr D Hill  
Mr S Barnes

**Secretary**

Mr I Pearson

**Auditors**

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JD

**Bankers**

Barclays Bank PLC  
City Office  
Percy Street  
Newcastle upon Tyne  
NE1 4QL

**Solicitors**

Watson Burton  
20 Collingwood Street  
Newcastle upon Tyne  
NE99 1YQ

**Registered Office**

Hall Dene Way  
Seaham Grange Industrial Estate  
Seaham  
Co Durham  
SR7 0PU

## Directors' Report

The directors present their report and abbreviated accounts for the year ended 30 September 2003.

### Results and Dividends

The profit for the year, after taxation, amounted to £127,693. The directors recommend that a preference dividend be proposed amounting to £121,431, leaving a profit of £6,262 to be transferred to reserves.

### Principal activity and review of the business

The company's principal activity during the year continued to be the manufacture of finned tube heat exchangers.

The directors are disappointed to report a decrease in profitability for the year.

### Directors and their interests

The directors during the year and their interests in the share capital of the company were as follows:

	<i>At 30 September 2003</i>	<i>At 30 September 2002</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Mr M B Thomsen	-	-
Mr A G Thomsen	-	-
Mr I Pearson	-	-
Mr D Hill (appointed 1 February 2003)	-	-
Mr S Barnes (appointed 1 February 2003)	-	-
Mr K E Overgaard (resigned 31 January 2003)	-	-

### Directors' responsibilities for the financial statements

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 those 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.

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 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.

## Directors' Report

### Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

*Ain Pearson*

I Pearson  
Secretary

22 March 2004

We have examined the company's abbreviated accounts for the year ended 30 September 2003 which comprise the Abbreviated Profit and Loss Account, Statement of Movements on Reserves, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 23, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 30 September 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' 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, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

### **Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with that provision.



Ernst & Young LLP  
Registered Auditor  
Newcastle upon Tyne

22 March 2004

**Abbreviated Profit and loss account**

For the year ended 30 September 2003

	Notes	2003 £	2002 £
<b>Gross profit</b>		1,921,255	2,119,430
Distribution costs		366,831	367,033
Administrative expenses		1,379,306	1,506,977
		<u>1,746,137</u>	<u>1,874,010</u>
<b>Operating profit</b>	4	175,118	245,420
Bank interest receivable		3,704	962
Interest payable	7	(49,876)	(45,181)
		<u>128,946</u>	<u>201,201</u>
<b>Profit on ordinary activities before taxation</b>		128,946	201,201
Tax on profit on ordinary activities	8	1,253	60,093
		<u>127,693</u>	<u>141,108</u>
<b>Profit on ordinary activities after taxation</b>		127,693	141,108
Dividends – preference dividend proposed (non-equity)		121,431	121,431
		<u>£6,262</u>	<u>£19,677</u>

**Statements of movements on reserves**

	<i>Profit and Loss account £</i>
At 1 October 2002	1,373,627
Retained profit for the year	<u>6,262</u>
At 30 September 2002	<u>£1,379,889</u>

**Statement of total recognised gains and losses**

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £127,693 in the year ended 30 September 2003 and the profit of £141,108 in the year ended 30 September 2002.

**Balance Sheet**

At 30 September 2003

		2003	2002
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	9	2,274,540	2,467,713
Investments	10	100	100
		<u>2,274,640</u>	<u>2,467,813</u>
<b>Current assets</b>			
Stocks	11	414,173	387,412
Debtors	12	1,582,766	2,115,595
Cash at bank and in hand	14	482,640	336,178
		<u>2,479,579</u>	<u>2,839,185</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>1,293,329</u>	<u>1,834,170</u>
<b>Net current assets</b>		<u>1,186,250</u>	<u>1,005,015</u>
<b>Total assets less current liabilities</b>		<u>3,460,890</u>	<u>3,472,828</u>
<b>Creditors: amounts falling due after more than one year</b>			
Loans	15	772,693	745,893
<b>Provisions for liabilities and charges</b>	16	93,000	138,000
		<u>865,693</u>	<u>883,893</u>
		<u>£2,595,197</u>	<u>£2,588,935</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,215,308	1,215,308
Profit and loss account	18	1,379,889	1,373,627
	18	<u>£2,595,197</u>	<u>£2,588,935</u>
<b>Shareholders' funds</b>			
Equity		1,380,889	1,374,627
Non-equity		1,214,308	1,214,308
		<u>£2,595,197</u>	<u>£2,588,935</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.



A G Thomsen Director

22 March 2004

# Statement of cash flows

For the year ended 30 September 2003

	Notes	2003 £	2002 £
<b>Net cash inflow from operating activities</b>	4(b)	350,490	438,506
<b>Returns on investments and servicing of finance</b>			
Interest received		3,704	962
Interest paid		(47,613)	(47,331)
Preference dividend paid		(172,689)	(121,431)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(216,598)	(167,800)
<b>Taxation</b>			
Corporation tax paid (net of refund)		(3,890)	(93)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(14,040)	(137,266)
Receipts from sales of tangible fixed assets		3,700	43,765
<b>Net cash outflow from capital expenditure</b>		(10,340)	(93,501)
<b>Financing</b>			
Loans received		121,431	121,431
Repayment of loans		(92,231)	(183,175)
Capital element of finance lease rental payments		(2,400)	(2,400)
<b>Net cash inflow/(outflow) from financing</b>		26,800	(64,144)
<b>Increase in cash</b>	14	£146,462	£112,968
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash in the year	14	146,462	112,968
Cash (inflow)/outflow from decrease in debt and lease financing		(26,800)	64,144
Change in net debt resulting from cash flows	14	119,662	177,112
New finance lease		-	(182,633)
Change in net debt for the year		119,662	(5,521)
Net debt at 1 October	14	(504,242)	(498,721)
Net debt at 30 September	14	£(384,580)	£(504,242)



## Notes to the abbreviated accounts

At 30 September 2003

### 1. Accounting convention

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

### 2. Accounting policies

#### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 40 years
Plant and machinery	-	over 10 years
Fixtures and Fittings	-	over 10 years
Computer equipment	-	over 5 years
Motor vehicles	-	over 5 years

#### Deferred government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income in the period to which they relate.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### Research and development

Research and development expenditure is written off as incurred.

## Notes to the abbreviated accounts

At 30 September 2003

### 2. Accounting policies (continued)

#### Deferred taxation

Deferred taxation is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 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.

#### Pensions

The company contributes to private pension schemes for its directors and employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

#### Group financial statements

The financial statements do not include the results of the company's subsidiary undertaking, Stylecall Limited, on the grounds of materiality.

### 3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to one continuing activity, the manufacture of finned tube heat exchangers.

## Notes to the abbreviated accounts

At 30 September 2003

### 4. Operating profit

a) This is stated after charging/(crediting):

	2003	2002
	£	£
Auditors' remuneration	9,000	8,700
Depreciation of owned fixed assets	201,634	266,505
Depreciation of fixed assets held under finance leases	2,040	2,040
(Profit)/loss on disposal of assets	(160)	817
Exchange losses/(gains)	31,830	(13,253)
Grants received	(31,488)	-
Operating lease rentals - land	14,250	14,250

b) Reconciliation of operating profit to net cash inflow from operating activities:

	2003	2002
	£	£
Operating profit	175,118	245,420
Depreciation	203,674	268,545
(Profit)/loss on sale of fixed assets	(160)	817
Decrease/(increase) in debtors	532,829	(41,306)
Increase in stocks	(26,761)	(14,217)
Decrease in creditors	(534,210)	(20,753)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>£350,490</b>	<b>£438,506</b>

### 5. Directors' emoluments

The emoluments of the directors were as follows:

	2003	2002
	£	£
Emoluments (salaries and fees)	31,037	25,055
Estimated benefits in kind	9,066	16,703
Contributions to defined contribution pension scheme	8,862	28,508
Payments to Support Services Company Limited and Earlsford Services Limited (see note 23)	118,659	120,920
	<b>£167,624</b>	<b>£191,186</b>

The company contributes to private pension schemes for its directors as follows:

	2003	2002
	No.	No.
Defined contribution pension scheme	3	3

## Notes to the abbreviated accounts

At 30 September 2003

### 6. Staff costs

	2003	2002
	£	£
Wages, salaries and other employee benefits	2,025,025	2,361,039
Social security costs	-	-
Other pension costs	17,522	42,570
	<u>£2,042,547</u>	<u>£2,403,609</u>

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

	No.	No.
Administration	26	31
Manufacturing	94	108
	<u>120</u>	<u>139</u>

### 7. Interest payable

	2003	2002
	£	£
Bank loans and overdrafts, and other loans wholly repayable within five years	1,058	2,448
Other loans	32,307	27,613
Interest payable to parent undertaking	16,511	15,120
	<u>£49,876</u>	<u>£45,181</u>

## Notes to the abbreviated accounts

At 30 September 2003

### 8. Taxation on profit on ordinary activities

#### a) Analysis of tax charge in the year

	2003 £	2002 £
Current tax:		
UK corporation tax – current year	45,363	3,000
Corporation tax underprovided in previous years	890	93
Total current tax (note 8(b))	46,253	3,093
Deferred tax:		
Origination and reversal of timing differences	(45,000)	61,000
Effect of decreased tax rate on opening liability	-	(4,000)
Total deferred tax (note 16)	(45,000)	57,000
Tax on profit on ordinary activities	£1,253	£60,093

#### b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002: 19%).

The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before tax	128,946	201,201
Profit on ordinary activities before tax at 19%/19%	24,500	39,234
Effects of:		
Expenses not deductible for tax purposes	2,000	2,000
(Accelerated)/decelerated capital allowances	3,000	(2,000)
Other timing differences	5,000	(5,000)
Utilisation of tax losses	-	(30,000)
Other / marginal relief	10,863	(1,234)
Tax underprovided in previous years	890	93
Total current tax (note 8(a))	£46,253	£3,093

#### c) Factors that may affect future tax charges

The directors are not currently aware of any significant factors that may affect the company's future tax charges.

## Notes to the abbreviated accounts

At 30 September 2003

## 9. Tangible fixed assets

	<i>Land &amp; Buildings</i>	<i>Motor Vehicles</i>	<i>Fixtures &amp; Fittings</i>	<i>Plant &amp; Machinery</i>	<i>Computer Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 October 2002	2,378,271	36,972	132,482	1,936,188	136,007	4,619,920
Additions	-	-	1,291	12,080	669	14,040
Disposals	-	(26,771)	-	(8,800)	-	(35,571)
At 30 September 2003	2,378,271	10,201	133,773	1,939,468	136,676	4,598,391
Depreciation:						
At 1 October 2002	669,710	28,458	99,800	1,293,493	60,746	2,152,207
Provided during year	53,042	2,540	6,947	120,667	20,478	203,674
Disposals	-	(26,605)	-	(5,426)	-	(32,031)
At 30 September 2003	722,752	4,393	106,747	1,408,734	81,224	2,323,851
Net book value:						
At 30 September 2003	£1,655,519	£5,808	£27,026	£530,735	£55,452	£2,274,540
At 1 October 2002	£1,708,561	£8,514	£32,682	£642,695	£75,261	£2,467,713

Included in freehold land and buildings is land at a cost of £61,494 which is not depreciated.

The directors do not consider that any impairment provision is necessary in the current financial year and they are committed to reviewing fixed assets for impairment if events or changes in circumstances indicate that carrying values may not be recoverable.

## 10. Investments

	2003 £	2002 £
Unquoted investment	£100	£100

The company owns 100% of the issued ordinary share capital of Stylecall Limited, an unquoted dormant company registered in England and Wales.

## Notes to the abbreviated accounts

At 30 September 2003

### 11. Stocks

	2003 £	2002 £
Raw materials and consumables	346,691	313,895
Work in progress	67,482	73,517
	<u>£414,173</u>	<u>£387,412</u>

The company held stock on a consignment basis at 30 September 2003 with a cost of £53,932 (2002: £30,744) which is not included in the balance sheet, and invoiced by the supplier, until it is brought into use.

### 12. Debtors

	2003 £	2002 £
Trade debtors	1,362,332	1,714,209
Other debtors	153,680	335,604
Prepayments and accrued income	66,754	65,782
	<u>£1,582,766</u>	<u>£2,115,595</u>

### 13. Creditors: amounts falling due within one year

	Notes	2003 £	2002 £
Current instalments due on bank and other loans	15	94,527	94,527
Trade creditors		691,980	1,059,491
Other taxes and social security costs		36,026	15,633
Corporation tax		45,363	3,000
Other creditors		106,109	276,001
Accruals		249,051	263,987
Amounts due to subsidiary undertaking		100	100
Proposed dividend		70,173	121,431
		<u>£1,293,329</u>	<u>£1,834,170</u>

The company has a bank overdraft facility which is secured by a fixed and floating charge over all the assets of the company.

## Notes to the abbreviated accounts

At 30 September 2003

### 14. Analysis of net debt

Analysis of the balances as shown in the balance sheet and changes during the current and previous year:

	<i>Cash at bank and in hand £</i>	<i>Finance leases £</i>	<i>Debt due within one year £</i>	<i>Debt due after one year £</i>	<i>Total £</i>
At 1 October 2001	223,210	(9,501)	(58,000)	(654,430)	(498,721)
Cash flow	112,968	2,400	55,600	6,144	177,112
Other non-cash changes	-	-	(92,127)	(90,506)	(182,633)
	<u>336,178</u>	<u>(7,101)</u>	<u>(94,527)</u>	<u>(738,792)</u>	<u>(504,242)</u>
At 30 September 2002					
Cash flows	146,462	2,400	92,231	(121,431)	119,662
Other non-cash changes	-	-	(92,231)	92,231	-
	<u>£482,640</u>	<u>£(4,701)</u>	<u>£(94,527)</u>	<u>£(767,992)</u>	<u>£(384,580)</u>

### 15. Loans

	<i>2003 £</i>	<i>2002 £</i>
<b>Wholly repayable within five years:</b>		
Loan from Tadora Holdings Limited at 2% per annum above base with no specified repayment date	341,912	220,586
Barclays Mercantile Business Finance –repayable in 60 monthly instalments of £3,044.	146,107	182,633
<b>Finance lease loan at 0% interest per annum</b>	4,701	7,101
<b>Not wholly repayable within five years:</b>		
Bank commercial mortgage term loan at 1 1/4 % above LIBOR, repayable in quarterly instalments of £13,900	374,500	430,100
	<u>£867,220</u>	<u>£840,420</u>



## Notes to the abbreviated accounts

At 30 September 2003

### 15. Loans (continued)

	2003 £	2002 £
Amounts repayable by instalments:		
within one year	94,527	94,527
within one to two years	94,527	94,527
within two to five years	239,754	278,680
after five years	96,500	152,100
Amounts repayable within five years other than by instalments	341,912	220,586
	867,220	840,420
Included in creditors: amounts falling due within one year	94,527	94,527
	<u>£772,693</u>	<u>£745,893</u>

The Tadora Holdings Limited loan is secured by a second legal charge by way of Chattel mortgages over certain of the company's plant and machinery.

The bank commercial mortgage term loan is secured by a first legal charge over the company's freehold property.

The Barclays Mercantile Business Finance loan is secured on the assets to which it relates.

### 16. Provision for liabilities and charges

The movements in deferred taxation during the current and previous years are as follows:

	2003 £	2002 £
At 1 October	138,000	81,000
(Credit)/charge for the year (note 8)	(45,000)	57,000
At 30 September	<u>£93,000</u>	<u>138,000</u>
Deferred taxation is provided in full in the financial statements as follows:		
	2003 £	2002 £
Capital allowances in advance of depreciation	142,000	182,000
Other timing differences	(49,000)	(44,000)
	<u>£93,000</u>	<u>£138,000</u>

## Notes to the abbreviated accounts

At 30 September 2003

### 17. Share capital

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	<i>2003</i>	<i>2002</i>	<i>2003</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>
			<i>2002</i>
			<i>£</i>
Ordinary shares of £1 each	1,000,000	1,000,000	1,000
10% preference shares of £1 each	1,500,000	1,500,000	1,214,308
	<u>2,500,000</u>	<u>2,500,000</u>	<u>£1,215,308</u>
			<u>£1,215,308</u>

The preference shares are non-voting and non-cumulative with respect to dividend entitlement.

### 18. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss</i>	<i>Total Shareholders funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 October 2001	1,215,308	1,353,950	2,569,258
Profit for the year	-	19,677	19,677
At 30 September 2002	<u>1,215,308</u>	<u>1,373,627</u>	<u>2,588,935</u>
Profit for the year	-	6,262	6,262
At 30 September 2003	<u>£1,215,308</u>	<u>£1,379,889</u>	<u>£2,595,197</u>

### 19. Pension Commitments

The company contributes to private pension schemes for its directors and employees. The assets of the schemes are held separately from those of the company in independently administered funds.

### 20. Contingent liabilities

The company's bankers hold a bond for £20,000 (2002 £20,000) in favour of HM Customs & Excise.

### 21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party at 30 September 2003 was Three-T Jersey Limited, a company incorporated in Jersey. Three-T Jersey Limited is owned by a Jersey registered trust.

### 22. Other financial commitments

The company entered into an operating lease during 1999 with the personal pension fund belonging to Mr A G Thomsen, a director of the company. The pension fund leases land to the company for an annual rental of £14,250 under a 25 year lease agreement. The amount paid during the year was £14,250 (2002 : £14,250).

## Notes to the abbreviated accounts

At 30 September 2003

### 23. Related parties

During the year, the company paid £1,316,789 (2002: £1,433,705) to Support Services Limited and £669,734 (2002: £718,083) to Earlsford Services Limited, companies owned by participating employees and directors of Thermal Transfer Technology Limited, for the provision of employees. At 30 September 2003, £52,039 (2002: £17,950) was due from Support Services Limited and £1,178 (2002: £11,889) was due from Earlsford Services Limited, both amounts being included within other debtors (note 12).

During the year the company did not make any payments to the Employee Benefit Trust (2002: £4,609).

In the opinion of the directors, the company and its directors do not exercise control over Support Services Limited, Earlsford Services Limited or the Employee Benefit Trust, and as such these entities are not accounted for as subsidiary or associated undertakings in these financial statements.