REGISTRAR

# Thermal Transfer Technology Limited

## Report and Financial Statements

30 September 2006

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
1 St James' Gate
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 financial statements for the year ended 30 September 2006

## Results and Dividends

The loss for the year, after taxation, amounted to £101,491 (2005 £134,888 profit) The directors do not recommend the payment of a dividend

## 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 reasonably content with the trading results for the year given the increased speculation and volatility in the commodity markets, copper, aluminium and steel in particular as well as increasing competition from Eastern Europe

To counteract this, the company has increased product development and service levels and is not entering into any long term contracts without a material price index to adjust for commodity fluctuations

The inclusion of a significant one off salary cost has also masked the improvements made during 2006

The directors look forward to an improvement in trading profitability in 2007

## Directors

The directors who served during the year were as follows

Mr M B Thomsen (resigned 10 October 2006)
Mr A G Thomsen
Mr I Pearson
Mr D Hill
Mr S Barnes

## Revaluation of freehold land and buildings

At 30 September 2006, the company earmarked certain land and buildings, held within fixed assets, for sale These assets have been revalued and the cumulative surplus on revaluation of £194,661 is incorporated in these financial statements

## Financial risk management policy

The company's principal financial instruments comprise cash and loans Other financial assets and liabilities, such as trade creditors and trade debtors arise directly from the company's operating activities

The main risks associated with the company's financial assets and liabilities are set out below Given that the majority of the risks below are not considered significant and derive from normal trading activities, the company does not undertake any hedging activity Significant financial risks are addressed on a case-by-case basis as and if they arise

### Interest rate risk

The company borrows using variable rate debt The company is exposed to cash flow interest rate risk, but there is opportunity for the company to enjoy a reduction in borrowing costs in markets where rates are falling In contrast, floating rate borrowings are exposed to cash flow risk as costs increase if market rates rise

### Price risk

The company does not deem the exposure to price changes in raw materials to be significant enough to consider hedging the cost of the materials

# Directors' report

## Financial risk management policy (continued)

### Credit risk

Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate credit worthiness. The company aims to maintain tight control of credit limits and cash collection targets in the future following some recent bad debt experience

### Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations Capital expenditure is approved by the directors Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts

### Foreign currency risk

The company's principle transactions in foreign currency arise directly from operating activities The main risk arises from movements in the Euro and Danish Kroner exchange rates The company does not consider the risk to be of such significance to warrant any hedging activity

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

## Auditors

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

By order of the board

Iain Pearson.

I Pearson
Secretary

14 March 2008

# Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that 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

ERNST & YOUNG

# Independent auditors' report

**to the members of Thermal Transfer Technology Limited**

We have audited the company's financial statements for the year ended 30 September 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 23 These financial statements have been prepared on the basis of the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statements of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company 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

# Independent auditors' report

**to the members of Thermal Transfer Technology Limited** (continued)

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

14 March 2008

# Profit and loss account

**for the year ended 30 September 2006**

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| ***Turnover*** | 3 | 5,652,404 | 5,077,660 |
| Cost of sales | | 4,158,548 | 3,481,783 |
| Gross profit | | 1,493,856 | 1,595,877 |
| Distribution costs | | 240,097 | 223,486 |
| Administrative expenses | | 1,345,669 | 1,283,084 |
| | | 1,585,766 | 1,506,570 |
| ***Operating (loss)/profit*** | 4(a) | (91,910) | 89,307 |
| Bank interest receivable | | 7,781 | 10,244 |
| Interest payable | 7 | (43,615) | (50,967) |
| ***(Loss)/profit on ordinary activities before taxation*** | | (127,744) | 48,584 |
| Tax credit on (loss)/profit on ordinary activities | 8 | 26,253 | 86,304 |
| ***(Loss)/profit on ordinary activities after taxation*** | 18 | £(101,491) | £134,888 |

# Statement of total recognised gains and losses

There were no recognised gains or losses other than the loss attributable to shareholders of the company of £101,491 in the year ended 30 September 2006 (2005 £134,888 profit) and the unrealised surplus on revaluation of the company's freehold land and buildings, earmarked for sale, of £194,661 in the year ended 30 September 2006

# Balance sheet
**at 30 September 2006**

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 9 | 1,745,893 | 1,969,945 |
| Investments | 10 | 400 | 400 |
| | | 1,746,293 | 1,970,345 |
| ***Current assets*** | | | |
| Assets held for sale | | 400,000 | - |
| Stocks | 11 | 509,524 | 472,144 |
| Debtors | 12 | 1,894,858 | 1,688,968 |
| Cash at bank and in hand | 14 | 266,964 | 305,790 |
| | | 3,071,346 | 2,466,902 |
| ***Creditors.*** amounts falling due within one year | 13 | 1,385,950 | 1,059,803 |
| ***Net current assets*** | | 1,685,396 | 1,407,099 |
| ***Total assets less current liabilities*** | | 3,431,689 | 3,377,444 |
| ***Creditors·*** amounts falling due after more than one year | | | |
| Loans | 15 | 560,412 | 586,139 |
| ***Provisions for liabilities and charges*** | 16 | 26,802 | 40,000 |
| | | 587,214 | 626,139 |
| | | £2,844,475 | £2,751,305 |
| ***Capital and reserves*** | | | |
| Called up share capital | 17 | 1,215,308 | 1,215,308 |
| Revaluation reserve | 18 | 194,661 | - |
| Profit and loss account | 18 | 1,434,506 | 1,535,997 |
| | 18 | £2,844,475 | £2,751,305 |
| ***Shareholders' funds*** | | | |
| Equity | | 1,630,167 | 1,536,997 |
| Non-equity | | 1,214,308 | 1,214,308 |
| | | £2,844,475 | £2,751,305 |

The financial statements were approved by the directors on 14 March 2008 and signed on their behalf by

A G Thomsen - Director

# Statement of cash flows

**for the year ended 30 September 2006**

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| ***Net cash inflow/(outflow) from operating activities*** | 4(b) | 152,547 | (71,409) |
| ***Returns on investments and servicing of finance*** | | | |
| Interest received | | 7,781 | 10,244 |
| Interest paid | | (43,615) | (51,114) |
| Preference dividend paid | | - | (47,470) |
| ***Net cash outflow from returns on Investments and servicing of finance*** | | (35,834) | (88,340) |
| ***Taxation*** | | | |
| Corporation tax paid | | (10,462) | (53,231) |
| ***Capital expenditure*** | | | |
| Payments to acquire tangible fixed assets | | (140,950) | (36,266) |
| Receipts from sales of tangible fixed assets | | - | 8,305 |
| ***Net cash outflow from capital expenditure*** | | (140,950) | (27,961) |
| ***Financing*** | | | |
| Repayment of loans (net) | 14 | (4,127) | (92,127) |
| Capital element of finance lease rental payments | 14 | - | (2,301) |
| ***Net cash outflow from financing*** | | (4,127) | (94,428) |
| ***Decrease in cash*** | 14 | £(38,826) | £(335,369) |

***Reconciliation of net cash flow to movement in net debt***

| | Notes | 2006 £ | 2005 £ |
|---|---|---|---|
| Decrease in cash in the year | 14 | (38,826) | (335,369) |
| Cash outflow from financing | | 4,127 | 94,428 |
| Change in net debt for the year | 14 | (34,699) | (240,941) |
| Net debt at 1 October | 14 | (372,476) | (131,535) |
| Net debt at 30 September | 14 | £(407,175) | £(372,476) |

# Notes to the financial statements

**at 30 September 2006**

## 1. Accounting convention

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

***Consolidation***

The company is exempt from the requirement to prepare and deliver group financial statements by virtue of section 248 of the Companies Act 1985, and accordingly the financial statements present information about the company as an individual undertaking and not about its group

## 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 |

The carrying values of fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable The directors do not consider that there are any indicators of impairment in any of the company's tangible fixed assets in the current year

***Assets held for sale***

Assets held for sale are recorded at the directors' estimate of their realisable value

***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

***Operating lease rentals***

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

# Notes to the financial statements

**at 30 September 2006**

## 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 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

## 3. Turnover

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

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

An analysis of turnover by geographical market is given below

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| United Kingdom | 4,132,391 | 3,614,029 |
| Europe | 1,520,013 | 1,463,631 |
| | £5,652,404 | £5,077,660 |

# Notes to the financial statements

**at 30 September 2006**

## 4. Operating (loss)/profit

a) This is stated after charging/(crediting)

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Auditors' remuneration | 9,600 | 10,100 |
| Depreciation of owned fixed assets | 159,663 | 166,052 |
| Depreciation of fixed assets held under finance leases | - | 1,870 |
| Profit on disposal of fixed assets | - | (3,204) |
| Exchange losses | 10,232 | 13,752 |
| Operating lease rentals – freehold land | 15,100 | 14,250 |

b) Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Operating (loss)/profit | (91,910) | 89,307 |
| Depreciation | 159,663 | 167,922 |
| Profit on sale of fixed assets | - | (3,204) |
| Increase in debtors | (195,428) | (46,816) |
| Increase in stocks | (37,380) | (83,415) |
| Increase/(decrease) in creditors | 317,602 | (195,203) |
| Net cash inflow/(outflow) from operating activities | £152,547 | £(71,409) |

## 5. Directors' emoluments

The emoluments of the directors were as follows

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Emoluments (salaries and fees) | 39,202 | 51,084 |
| Estimated benefits in kind | 2,960 | 7,960 |
| Contributions to defined contribution pension scheme | 8,919 | 7,575 |
| | 51,081 | 66,619 |
| Payments to Support Services Company Limited and Earlsford Services Limited (note 23) | 148,152 | 140,633 |
| | £199,233 | £207,252 |

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

| | *2006* | *2005* |
|---|---|---|
| | *No* | *No* |
| Defined contribution pension scheme | 2 | 2 |

# Notes to the financial statements

**at 30 September 2006**

## 6. Staff costs

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Wages, salaries and other employee benefits | 1,778,981 | 1,775,011 |
| Social security costs | 2,476 | - |
| Other pension costs | 6,522 | 12,792 |
| | £1,787,979 | £1,787,803 |

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

| | *No* | *No* |
|---|---|---|
| Administration | 22 | 24 |
| Manufacturing | 87 | 84 |
| | 109 | 108 |

## 7. Interest payable

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Bank overdraft | - | 1,082 |
| Bank and other loans | 21,541 | 26,858 |
| Interest payable to parent undertaking | 22,074 | 23,027 |
| | £43,615 | £50,967 |

# Notes to the financial statements

**at 30 September 2006**

## 8. Taxation on (loss)/profit on ordinary activities

a) Analysis of tax (credit)/charge in the year

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Current tax | | |
| UK corporation tax - current year | (10,462) | 13,055 |
| Corporation tax over provided in previous years | (2,593) | (359) |
| Total current tax (credit)/charge (note 8(b)) | (13,055) | 12,696 |
| Deferred tax | | |
| Origination and reversal of timing differences | (13,198) | - |
| Over provided in previous year | - | (99,000) |
| Total deferred tax (note 16) | (13,198) | (99,000) |
| Tax credit on (loss)/profit on ordinary activities | £(26,253) | £(86,304) |

b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 19% (2005 19%)

The differences are reconciled below

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| (Loss)/profit on ordinary activities before tax | (127,744) | 48,584 |
| (Loss)/profit on ordinary activities before tax at 19% (2006 19%) | (24,271) | 9,231 |
| Effects of | | |
| Expenses not deductible for tax purposes | 3,516 | 4,387 |
| (Accelerated)/decelerated capital allowances | (5,046) | 3,237 |
| Other timing differences | 3,800 | (3,800) |
| Unrelieved tax losses carried forward | 11,539 | - |
| Tax overprovided in previous years | (2,593) | (359) |
| Total current tax (credit)/charge (note 8(a)) | £(13,055) | £12,696 |

c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains on revaluing assets held for sale to their realisable value The total amount un-provided is £40,000 At present it is not envisaged that any tax will become payable in the foreseeable future

# Notes to the financial statements
**at 30 September 2006**

## 9. Tangible fixed assets

| | *Freehold land and buildings* £ | *Fixtures and fittings* £ | *Plant and machinery* £ | *Computer equipment* £ | *Total* £ |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 1 October 2005 | 2,387,344 | 137,442 | 1,749,198 | 147,634 | 4,421,618 |
| Additions | - | - | 135,434 | 5,516 | 140,950 |
| Revaluation surplus | 194,661 | - | - | - | 194,661 |
| Transfer to current assets | (400,000) | - | - | - | (400,000) |
| At 30 September 2006 | 2,182,005 | 137,442 | 1,884,632 | 153,150 | 4,357,229 |
| Depreciation | | | | | |
| At 1 October 2005 | 828,837 | 117,515 | 1,393,106 | 112,215 | 2,451,673 |
| Provided during year | 53,042 | 5,057 | 90,900 | 10,664 | 159,663 |
| At 30 September 2006 | 881,879 | 122,572 | 1,484,006 | 122,879 | 2,611,336 |
| Net book value | | | | | |
| At 30 September 2006 | £1,300,126 | £14,870 | £400,626 | £30,271 | £1,745,893 |
| At 1 October 2005 | £1,558,507 | £19,927 | £356,092 | £35,419 | £1,969,945 |

Included in freehold land and buildings is land at a cost of £69,494 (2005 £69,494) 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

| | *2006* £ | *2005* £ |
|---|---|---|
| Unquoted investments | £400 | £400 |

The company owns 100% of the issued ordinary share capital of Stylecall Limited, 3T Coils Limited, Willowscreen Limited and Stampstream Limited, all unquoted dormant companies registered in England and Wales

# Notes to the financial statements
**at 30 September 2006**

## 11. Stocks

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Raw materials and consumables | 319,930 | 328,006 |
| Work in progress | 189,594 | 144,138 |
| | £509,524 | £472,144 |

The company held stock on a consignment basis at 30 September 2006 with a cost of £44,634 (2005 £39,339) which is not included in the balance sheet, and not invoiced by the supplier, until it is brought into use

## 12. Debtors

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Trade debtors | 1,635,259 | 1,490,436 |
| Other debtors | 149,949 | 139,538 |
| Prepayments and accrued income | 99,188 | 58,994 |
| Corporation tax | 10,462 | - |
| | £1,894,858 | £1,688,968 |

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

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| Current instalments due on bank and other loans (note 15) | 113,727 | 92,127 |
| Trade creditors | 700,735 | 629,319 |
| Other taxes and social security costs | 9,793 | - |
| Corporation tax | - | 13,055 |
| Other creditors | 106,109 | 106,109 |
| Accruals | 455,486 | 219,093 |
| Amounts due to subsidiary undertaking | 100 | 100 |
| | £1,385,950 | £1,059,803 |

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 financial statements

**at 30 September 2006**

## 14. Analysis of net debt

| | *Cash at bank and in hand* | *Finance leases* | *Debt due within one year* | *Debt due after one year* | *Total* |
|---|---|---|---|---|---|
| | *£* | *£* | *£* | *£* | *£* |
| At 1 October 2004 | 641,159 | (2,301) | (92,127) | (678,266) | (131,535) |
| Cash flows | (335,369) | 2,301 | 92,127 | - | (240,941) |
| Other non-cash changes | - | - | (92,127) | 92,127 | - |
| At 30 September 2005 | 305,790 | - | (92,127) | (586,139) | (372,476) |
| Cash flows | (38,826) | - | - | 4,127 | (34,699) |
| Other non-cash changes | - | - | (21,600) | 21,600 | - |
| At 30 September 2006 | £266,964 | £ - | £(113,727) | £(560,412) | £(407,175) |

## 15. Loans

| | *2006* | *2005* |
|---|---|---|
| | *£* | *£* |
| **Wholly repayable within five years:** | | |
| Loan from Tadora Holdings Limited at 2% per annum above base with no specified repayment date | 321,912 | 341,912 |
| Barclays Mercantile Business Finance –repayable in 60 monthly instalments of £3,044 | 36,527 | 73,054 |
| Barclays Mercantile Business Finance –repayable in 60 monthly instalments of £1,800 | 108,000 | - |
| **Not wholly repayable within five years:** | | |
| Bank commercial mortgage term loan at 1¼ % above LIBOR, repayable in quarterly instalments of £13,900 | 207,700 | 263,300 |
| | £674,139 | £678,266 |

# Notes to the financial statements

**at 30 September 2006**

## 15. Loans (continued)

| | 2006 £ | 2005 £ |
|---|---|---|
| Amounts repayable by instalments | | |
| within one year | 113,727 | 92,127 |
| within one to two years | 77,200 | 92,127 |
| within two to five years | 161,300 | 152,100 |
| Amounts repayable within five years other than by instalments | 321,912 | 341,912 |
| | 674,139 | 678,266 |
| Included in creditors amounts falling due within one year (note 13) | (113,727) | (92,127) |
| | £560,412 | £586,139 |

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

| | 2006 £ | 2005 £ |
|---|---|---|
| At 1 October | 40,000 | 139,000 |
| Credit for the year (note 8(a)) | (13,198) | (99,000) |
| At 30 September | £26,802 | £40,000 |

Deferred taxation is provided in full in the financial statements as follows

| | 2006 £ | 2005 £ |
|---|---|---|
| Capital allowances in advance of depreciation | 101,593 | 93,000 |
| Other timing differences | (74,791) | (53,000) |
| | £26,802 | £40,000 |

# Notes to the financial statements

**at 30 September 2006**

## 17. Share capital

| | | Authorised | | Allotted, called up and fully paid |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | No | No | £ | £ |
| Ordinary shares of £1 each | 1,000,000 | 1,000,000 | 1,000 | 1,000 |
| 10% preference shares of £1 each | 1,500,000 | 1,500,000 | 1,214,308 | 1,214,308 |
| | 2,500,000 | 2,500,000 | £1,215,308 | £1,215,308 |

The preference shares are non-voting and non-cumulative with respect to dividend entitlement The company has no contractual obligation to redeem the preference shares

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

| | Share capital | Revaluation reserve | Profit and loss account | Total Shareholders funds |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 October 2004 | 1,215,308 | - | 1,411,109 | 2,626,417 |
| Profit for the year | - | - | 134,888 | 134,888 |
| Preference dividends (non-equity) | - | - | (10,000) | (10,000) |
| At 30 September 2005 | 1,215,308 | - | 1,535,997 | 2,751,305 |
| Loss for the year | - | | (101,491) | (101,491) |
| Unrealised revaluation surplus on land and buildings | - | 194,661 | - | 194,661 |
| At 30 September 2006 | £1,215,308 | £194,661 | £1,434,506 | £2,844,475 |

## 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 (2005 £20,000) in favour of HM Revenue & Customs

## 21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party at 30 September 2006 was Three-T Jersey Limited, a company incorporated in Jersey Three-T Jersey Limited is owned by a Jersey resident trust

## 22. Other financial commitments

The company entered into an operating lease agreement during 1999 with a personal pension fund of which Mr A G Thomsen and Mr I Pearson, directors of the company, are members The pension fund leases land to the company for a revised annual rental of £16,800 under a 25 year lease agreement The amount paid during the year was £15,100 (2005 £14,250)

# Notes to the financial statements

**at 30 September 2006**

## 23. Related parties

During the year, the company paid £1,224,671 (2005 £1,226,058) to Support Services Limited and £521,870 (2005 £517,001) to Earlsford Services Limited, companies owned by participating employees and directors of Thermal Transfer Technology Limited, for the provision of employees At 30 September 2006, £14,746 (2005 £4,982) was due from Support Services Limited and £Nil (2005 £Nil) 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 (2005 £Nil)

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