

2754482

THERMAL TRANSFER TECHNOLOGY LIMITED

Report and Abbreviated Accounts

30 September 2001

ERNST & YOUNG



# Thermal Transfer Technology Limited

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Registered No. 2754482

## **DIRECTORS**

Mr M B Thomsen  
Mr A G Thomsen  
Mr K E Overgaard  
Mr I Pearson

## **SECRETARY**

Mr A G Thomsen

## **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

# Thermal Transfer Technology Limited

## DIRECTORS' REPORT

The directors present their report and abbreviated accounts for the year ended 30 September 2001.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £253,251. The directors recommend that a preference dividend be proposed amounting to £121,431, leaving a profit of £131,820 to be retained and 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.

### 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 2001</i>	<i>At 30 September 2000</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Mr M B Thomsen	-	-
Mr A G Thomsen	-	-
Mr K E Overgaard	-	50
Mr B Johnston (resigned 4 April 2001)	-	-
Mr I Pearson (appointed 18 July 2001)	-	-

### DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

### EMPLOYEES

Following the announcements in the 2000 Budget, it became clear that for tax year 2000/2001 and beyond, the previous approved profit share scheme and loan arrangements were no longer going to be workable. The company has found an alternative strategy of incentivisation which revolves around the setting up of a service company called 3T's Support Services Company Limited, in which all participating employees have shares.

DIRECTORS' REPORT

**AUDITORS**

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. 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



A G Thomsen  
Secretary

22 April 2002

**Independent Auditors' report to the Directors of Thermal Transfer Technology Limited under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 5 to 16, together with the annual accounts of the company for the year ended 30 September 2001 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

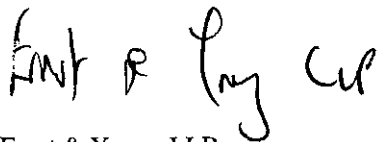
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of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

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those annual accounts. 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 full accounts.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 16 are properly prepared in accordance with that provision.



Ernst & Young LLP  
Registered Auditor  
Newcastle upon Tyne

22 April 2002

# Thermal Transfer Technology Limited

## ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 30 September 2001

	Notes	2001 £	2000 £
<b>GROSS PROFIT</b>		2,507,827	2,154,024
Distribution costs		390,394	423,975
Administrative expenses		1,744,578	1,442,400
		2,134,972	1,866,375
<b>OPERATING PROFIT</b>	4	372,855	287,649
Bank interest receivable		926	159
Interest payable	7	(66,506)	(78,187)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		307,275	209,621
Tax (charge)/credit on profit on ordinary activities	8	(54,024)	31,215
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		253,251	240,836
Dividends - preference dividend proposed (non-equity)		121,431	121,431
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>		£131,820	£119,405

### STATEMENTS OF MOVEMENTS ON RESERVES

	<i>Profit and loss account £</i>
At 1 October 2000	1,222,130
Retained profit for the year	131,820
At 30 September 2001	£1,353,950

### 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 £253,251 in the year ended 30 September 2001 and the profit of £240,836 in the year ended 30 September 2000.

# Thermal Transfer Technology Limited

## ABBREVIATED BALANCE SHEET

at 30 September 2001

	Notes	2001 £	2000 £
<b>FIXED ASSETS</b>			
Tangible assets	9	2,460,941	2,603,476
Investments	10	100	100
		<u>2,461,041</u>	<u>2,603,576</u>
<b>CURRENT ASSETS</b>			
Stocks	11	373,195	304,557
Debtors	12	2,074,289	2,296,927
Cash at bank and in hand	14	223,210	22,341
		<u>2,670,694</u>	<u>2,623,825</u>
<b>CREDITORS: amounts falling due within one year</b>	13	1,817,546	1,945,308
		<u>853,148</u>	<u>678,517</u>
<b>NET CURRENT ASSETS</b>			
		<u>3,314,189</u>	<u>3,282,093</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: amounts falling due after more than one year</b>			
Loans	15	663,931	817,655
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	81,000	27,000
		<u>744,931</u>	<u>844,655</u>
		<u>£2,569,258</u>	<u>£2,437,438</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1,215,308	1,215,308
Profit and loss account	18	1,353,950	1,222,130
	18	<u>£2,569,258</u>	<u>£2,437,438</u>
Shareholders' funds			
Equity		1,354,950	1,223,130
Non-equity		1,214,308	1,214,308
		<u>£2,569,258</u>	<u>£2,437,438</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 April 2002

# Thermal Transfer Technology Limited

## STATEMENT OF CASH FLOWS

for the year ended 30 September 2001

	Notes	2001 £	2000 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	4(b)	682,297	508,838
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		926	159
Interest paid		(67,470)	(78,542)
Preference dividend paid		(121,431)	(121,431)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(187,975)	(199,814)
<b>TAXATION</b>			
Corporation tax paid (net of refund)		(56)	(4,783)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		(145,602)	(158,723)
Receipts from sales of tangible fixed assets		20,395	100
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		(125,207)	(158,623)
<b>FINANCING</b>			
Loans received	14	-	29,619
Repayment of loans	14	(167,491)	(157,034)
Capital element of finance lease rental repayments		(699)	-
<b>NET CASH OUTFLOW FROM FINANCING</b>		(168,190)	(127,415)
<b>INCREASE IN CASH</b>	14	£200,869	£18,203
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Increase in cash in the year	14	200,869	18,203
Cash outflow from decrease in debt and lease financing		168,190	127,415
Change in net debt resulting from cash flows	14	369,059	145,618
New finance lease		(10,200)	-
Change in net debt for the year		358,859	145,618
Net debt at 1 October	14	(857,580)	(1,003,198)
Net debt at 30 September	14	£(498,721)	£(857,580)



# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 1. ACCOUNTING CONVENTION

The accounts 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 2001

2. ACCOUNTING POLICIES (continued)

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences 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.

*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 accounts*

The accounts 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.

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 4. OPERATING PROFIT

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

	2001	2000
	£	£
Auditors' remuneration	8,200	8,200
Depreciation of owned fixed assets	272,773	254,224
Depreciation of fixed assets held under finance leases	170	-
Loss on disposal of assets	4,999	1,954
Exchange losses/(gains)	23,474	(5,725)
Grants received	(30,000)	(50,000)
Operating lease rentals - land	14,250	14,250

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

	2001	2000
	£	£
Operating profit	372,855	287,649
Depreciation	272,943	254,224
Loss on sale of fixed assets	4,999	1,954
Decrease/(increase) in debtors	222,638	(356,975)
(Increase)/decrease in stocks	(68,638)	56,809
(Decrease)/increase in creditors	(122,500)	265,177
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>£682,297</b>	<b>£508,838</b>

### 5. DIRECTORS' EMOLUMENTS

The emoluments of the directors were as follows:

	2001	2000
	£	£
Emoluments (salaries and fees)	22,525	169,165
Estimated benefits in kind	18,800	24,933
Contributions to defined contribution pension scheme	36,041	35,518
Payments to 3T's Support Services Company Limited (see note 23)	147,418	20,210
	<b>£224,784</b>	<b>£249,826</b>

The total emoluments of the highest paid director (including pension contributions of £19,186 (2000 : £7,783)) were £90,648 (2000: £87,470).

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

	2001	2000
	No.	No.
Defined contribution pension scheme	3	3
Defined benefit pension scheme	-	-
	<b>3</b>	<b>3</b>

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 6. STAFF COSTS

	2001 £	2000 £
Wages, salaries and other employee benefits	2,244,675	1,987,467
Social security costs	94,490	135,175
Other pension costs	55,466	54,828
	<u>£2,394,631</u>	<u>£2,177,470</u>

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

	No.	No.
Administration	30	30
Manufacturing	111	110
	<u>141</u>	<u>140</u>

### 7. INTEREST PAYABLE

	2001 £	2000 £
Bank loans and overdrafts, and other loans wholly repayable within five years	6,054	14,457
Other loans	35,201	40,657
Interest payable to parent undertaking	25,251	23,073
	<u>£66,506</u>	<u>£78,187</u>

### 8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK Corporation tax	-	32
Deferred taxation (note 16)	54,000	(33,000)
Corporation tax under/(over) provided in previous years	24	1,753
	<u>£54,024</u>	<u>£(31,215)</u>

Taxation losses of approximately £175,000 (2000 : £500,000) are available for offset against future trading profits, subject to Inland Revenue approval.

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 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 2000	2,378,271	71,228	130,555	1,619,576	115,486	4,315,116
Additions	-	54,005	29,019	36,718	36,060	155,802
Disposals	-	(33,555)	-	-	-	(33,555)
At 30 September 2001	2,378,271	91,678	159,574	1,656,294	151,546	4,437,363
Depreciation:						
At 1 October 2000	563,628	35,453	78,608	974,128	59,823	1,711,640
Provided during year	53,040	16,837	15,232	162,724	25,110	272,943
Disposals	-	(8,161)	-	-	-	(8,161)
At 30 September 2001	616,668	44,129	93,840	1,136,852	84,933	1,976,422
Net book value:						
At 30 September 2001	£1,761,603	£47,549	£65,734	£519,442	£66,613	£2,460,941
At 1 October 2000	£1,814,643	£35,775	£51,947	£645,448	£55,663	£2,603,476

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

	<i>2001</i>	<i>2000</i>
	£	£
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.

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 11. STOCKS

	2001 £	2000 £
Raw materials and consumables	293,418	220,856
Work in progress	79,777	73,347
Finished goods and goods for resale	-	10,354
	<u>£373,195</u>	<u>£304,557</u>

The company held stock on a consignment basis at 30 September 2001 with a cost of £35,315 (2000: £38,495) which is not included in the balance sheet, and invoiced by the supplier, until it is brought into use.

### 12. DEBTORS

	2001 £	2000 £
Trade debtors	1,677,049	1,793,271
Other debtors	351,007	437,901
Prepayments and accrued income	46,233	65,755
	<u>£2,074,289</u>	<u>£2,296,927</u>

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

	Notes	2001 £	2000 £
Current instalments due on bank and other loans	15	58,000	62,266
Trade creditors		1,048,190	1,073,671
Other taxes and social security costs		56,480	119,315
Corporation tax		-	32
Other creditors		298,422	298,181
Accruals		234,923	270,312
Amounts due to subsidiary undertaking		100	100
Proposed dividend		121,431	121,431
		<u>£1,817,546</u>	<u>£1,945,308</u>

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

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 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 1999	4,138	-	(157,034)	(850,302)	(1,003,198)
Cash flow	18,203	-	157,034	(29,619)	145,618
Other non-cash changes	-	-	(62,266)	62,266	-
At 30 September 2000	22,341	-	(62,266)	(817,655)	(857,580)
Cash flows	200,869	699	62,266	105,225	369,059
Other non-cash changes	-	(10,200)	(58,000)	58,000	(10,200)
At 30 September 2001	£223,210	£(9,501)	£(58,000)	£(654,430)	£(498,721)

### 15. LOANS

	<i>2001 £</i>	<i>2000 £</i>
<b>Wholly repayable within five years:</b>		
Loan from Tadora Holdings Limited at 2% per annum above base with no specified repayment date	226,730	331,955
Small firms guaranteed loan at 10% per annum repayable in monthly instalments of £4,167 commenced 4 November 1995	-	4,166
British Coal Enterprise unsecured loan at 10% per annum repayable in monthly instalments of £417 commenced 15 April 1996	-	2,500
<b>Finance lease loan at 0% interest per annum</b>	9,501	-
<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	485,700	541,300
	<u>£721,931</u>	<u>£879,921</u>

# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS at 30 September 2001

### 15. LOANS (continued)

	2001 £	2000 £
Amounts repayable by instalments:		
within one year	58,000	62,266
within one to two years	58,000	55,600
within two to five years	171,501	166,800
after five years	207,700	263,300
Amounts repayable within five years other than by instalments	226,730	331,955
	721,931	879,921
Included in creditors: amounts falling due within one year	58,000	62,266
	<u>£663,931</u>	<u>£817,655</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.

### 16. PROVISION FOR LIABILITIES AND CHARGES

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

	2001 £	2000 £
At 1 October	27,000	60,000
Charge/(Credit) for the year (note 8)	54,000	(33,000)
At 30 September	<u>£81,000</u>	<u>£27,000</u>
Deferred taxation is provided in full in the accounts as follows:		
	2001 £	2000 £
Capital allowances in advance of depreciation	167,000	174,000
Other timing differences	(51,000)	(47,000)
Less: utilisation of available tax losses	(35,000)	(100,000)
	<u>£81,000</u>	<u>£27,000</u>



# Thermal Transfer Technology Limited

## NOTES TO THE ABBREVIATED ACCOUNTS

at 30 September 2001

### 17. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	<i>2001</i>	<i>2000</i>	<i>2001</i>
	<i>No.</i>	<i>No.</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>

### 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 1999	1,215,308	1,102,725	2,318,033
Profit for the year	-	119,405	119,405
At 30 September 2000	<u>1,215,308</u>	<u>1,222,130</u>	<u>2,437,438</u>
Profit for the year	-	131,820	131,820
At 30 September 2001	<u>£1,215,308</u>	<u>£1,353,950</u>	<u>£2,569,258</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 (2000 £20,000) in favour of HM Customs & Excise.

### 21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party at 30 September 2001 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 (2000 : £14,250).

### 23. RELATED PARTIES

During the year, the company paid £276,000 (2000: £22,263) to 3T's Support Services Company Limited, a company owned by participating employees and directors of Thermal Transfer Technology Limited.