ch

Registered No 4569050

Torin Sifan Limited

Report and Financial Statements

31 July 2011

Directors
S J Diamond
L F Rutter
K Sargeant

Secretary
S J Diamond

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
Fleming Way
Crawley
West Sussex RH10 9YX

Directors' report

The directors present their report and the financial statements for the year ended 31 July 2011

Results and dividends

The company generated a profit after tax for the year of £2,387,000 (2010 – £1,596,000) The directors do not recommend payment of a dividend (2010 – nil)

Principal activity and review of the business

The principal activity of the company is the design, manufacture and distribution of a range of motors and components for use in air movement applications and gas boilers

The company's key financial and other performance indicators were as follows

	2011	*2010*	*Change*
	£000	*£000*	*%*
Turnover	20,451	16,913	20 92%
Operating profit	2,949	2,313	27 50%
EBITDA	3,736	3,101	20 48%
Average number of employees	223	209	6 70%

The improvement in operating profit was driven from growth in new products and new customers

Future developments

The company carries out research and development programmes to suit its particular market and product needs, offering customers application specific solutions to their air movement and gas boiler requirements

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the company to be broadly grouped as economic and exchange rate related (explained below) To facilitate trading, the company also enters into non-derivative financial instruments The principal risks and uncertainties the company is exposed to as a result of entering into financial instruments are also explained below

Economic risk

In the UK, demand for the company's products is influenced by both public and privately funded construction projects The UK construction market is in turn heavily influenced by prevailing macro economic conditions The company reviews its cost base and organisational structure on a regular basis

Exchange rate risk

Fluctuations in the exchange rate of sterling with other major currencies will impact both the revenue stream and purchase cost of some of the company's products The company benchmarks revenues and direct expenditure denominated in foreign currency on a regular basis

Price risk

Risk that the value of a financial instrument will fluctuate as a result of changes in market prices The directors consider this risk to relate to foreign exchange and any exposure is mitigated by utilisation of surplus foreign exchange within the group of which the company is a member

Directors' report (continued)

Principal risks and uncertainties (continued)

Credit risk

Risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss The directors believe credit risk relates to trade debtors and to mitigate against exposure to credit risk, the company has developed strong credit control procedures and internal control mechanisms

Liquidity risk

Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments To the best of the directors' knowledge, there are no foreseeable constraints in discharging obligations in relation to financial liabilities Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget

Cash flow risk

Risk that future cash flows of a financial instrument will fluctuate, exposure is deemed minimal

Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements The directors' responsibilities are set out on page 4 and should be read in conjunction with this statement

Directors

The directors who served during the year were as follows

S J Diamond
L F Rutter
K Sargeant

Disclosure of information to 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

Ernst & Young LLP will remain as auditors to the Company by virtue of an elective resolution passed on 5 April 2004

By order of the Board

S J Diamond
Secretary
18 OCTOBER 2011

Directors' responsibilities statement

The directors are responsible for preparing the Director's 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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Independent auditors' report

to the members of Torin Sifan Limited

We have audited the financial statements of Torin Sifan Limited for the year ended 31 July 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report (continued)

to the members of Torin Sifan Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

25 October 2011

Profit and loss account

for the year ended 31 July 2011

	Notes	2011 £000	2010 £000
Turnover	2	20,451	16,913
Cost of sales		(14,689)	(11,976)
Gross profit		5,762	4,937
Operating expenses	3	(2,813)	(2,624)
Operating profit	4	2,949	2,313
Interest receivable	7	365	282
Profit on ordinary activities before taxation		3,314	2,595
Tax on profit on ordinary activities	8	(927)	(999)
Profit for the financial year	18	2,387	1,596

Statement of total recognised gains and losses

for the year ended 31 July 2011

There are no recognised gains or losses other than profit for the year of £2,387,000 (2010 – £1,596,000)

Balance sheet

at 31 July 2011

	Notes	*2011* *£000*	*2010* *£000*
Fixed assets			
Intangible fixed assets	9	5,245	5,708
Tangible fixed assets	10	2,317	2,345
Investment in subsidiary undertakings	11	2,479	2,479
		10,041	10,532
Current assets			
Stocks	12	3,237	2,481
Debtors			
amounts falling due after one year	13	7,990	5,881
amounts falling due within year	13	2,707	2,305
Cash at bank and in hand		1,636	1,585
		15 570	12,252
Creditors amounts falling due within one year	14	(3,924)	(3,462)
Net current assets		11,646	8,790
Total assets less current liabilities		21,687	19,322
Creditors amounts falling due after one year	14	(2,479)	(2 479)
Provisions for liabilities	16	(198)	(220)
Net assets		19,010	16,623
Capital and reserves			
Called up share capital	17	5,000	5,000
Share premium account	18	10,000	10,000
Profit and loss account	18	4,010	1,623
Shareholders' funds	18	19,010	16,623

K Sargeant
Director
18 OCTOBER 2011

S J Diamond
Director
18 OCTOBER 2011

Notes to the financial statements

at 31 July 2011

1. Accounting policies

Basis of preparation

The financial statements of Torin Sifan Limited were approved for issue by the board of directors on 18 October 2011 The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking

Cash flow statement

In accordance with FRS 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own publicly available group financial statements

Intangible fixed assets

Intangible assets acquired separately from a business are capitalised at cost Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred Intangible assets are amortised on a straight line basis normally over 5 to 20 years

The carrying values of intangible fixed assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be fully recoverable

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates estimated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Leasehold land and buildings	–	length of lease
Plant and machinery	–	5 to 10 years
Fixtures, fittings, tools, equipment and vehicles	–	2 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Investments

Investments are included in the balance sheet at cost less amounts written off

The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Interest income
Revenue is recognised as interest accrues using the effective interest rate method

Notes to the financial statements (continued)

at 31 July 2011

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value In the case of work in progress and finished goods, this includes the relevant proportion of overheads

Deferred taxation

Deferred tax is recognised in respect of all 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 exceptions

- Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- Deferred tax 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 tax 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

Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Provision is made for the cost of reinstatement work on leased properties where there is an obligation under the lease, and the costs can be reasonably estimated

Pensions

The cost of providing defined contribution retirement pensions for employees charged in the profit and loss account represents the amounts payable by the company for the financial year

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced The effect of the time value of money is not material and therefore the provisions are not discounted

Research and development

Research and development expenditure, other than that re-chargeable to third parties, is written off as incurred

Notes to the financial statements (continued)

at 31 July 2011

2. Turnover

Turnover, which comprises a single continuing class of activity represents the net amount invoiced to customers, excluding value added tax and income from the disposal of fixed assets Turnover is split by geographical area is as follows

	2011	*2010*
	£000	*£000*
UK	10,643	9,133
Overseas	9,808	7,780
	20,451	16,913

3. Operating expenses

	2011	*2010*
	£000	*£000*
Distribution costs	817	683
Administrative expenses	1,996	1,941
	2,813	2,624

4. Operating profit

Operating profit is stated after charging

		2011	*2010*
		£000	*£000*
Amortisation of intangible fixed assets		463	463
Depreciation of tangible fixed assets		324	325
Operating lease rentals	– land and buildings	3	3
	– plant and machinery	19	20
Auditors' remuneration	– audit services	19	18
Research and development expenditure		383	428

5. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2010 – nil) The directors are also directors of an intermediate parent undertaking, Volution Group Limited and receive emoluments from a fellow intermediate parent undertaking, Volution Holdings Limited in respect of services to the group Total emoluments paid by the enlarged Volution Group Limited group to the directors of the company (including pension scheme contributions) was £1,049,000 (2010 869,000) It is not possible to identify the proportion of these emoluments that relate to services to this company

Notes to the financial statements (continued)

at 31 July 2011

6. Staff costs

	2011	*2010*
	£000	*£000*
Wages and salaries	4,077	3,551
Social security costs	363	316
Other pension costs	179	174
	4,619	4,041

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

	2011	*2010*
	No	*No*
Production	174	147
Sales and administration	49	62
	223	209

7. Interest receivable

	2011	*2010*
	£000	*£000*
Interest receivable on loans to group undertakings	358	280
Other interest receivable	7	2
	365	282

8. Tax on profit on ordinary activities

(a) The tax charge is made up as follows

	2011	*2010*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	1,054	1,001
Prior year adjustment	(128)	1
Total current tax (note 8(b))	926	1,002
Deferred tax		
Origination and reversal of timing differences	(3)	(3)
Effect of changes in tax rate on opening balance	4	–
Total deferred tax (note 8(c))	1	(3)
Tax on profit on ordinary activities	927	999

Notes to the financial statements (continued)

at 31 July 2011

8. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 27 33% (2010 – 28%) The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	3,314	2,595
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27 33% (2010 – 28%)	906	726
Effects of		
Expenses not deductible for tax purposes	144	273
Capital allowances in advance / (arrears) of depreciation	4	(6)
Other timing differences	–	9
Adjustment in respect of prior year	(128)	–
Current tax charge for the year (note 8(a))	926	1,002

(c) Deferred tax liability

	2011 £000	2010 £000
At 1 August	(36)	(39)
Deferred tax debit in profit and loss account (note 8(a))	(1)	3
At 31 July	(37)	(36)
Consisting of		
Short-term timing differences	(5)	(5)
Accelerated capital allowances	(32)	(31)
Deferred tax liability (note 16)	(37)	(36)

Notes to the financial statements (continued)
at 31 July 2011

9. Intangible fixed assets

Intangible fixed assets represents goodwill acquired during the period ended 2 August 2003

	Goodwill *£000*
Cost	
At 1 August 2010 and 31 July 2011	9,256
Amortisation	
At 1 August 2010	(3,548)
Charge for the year	(463)
At 31 July 2011	(4,011)
Net book value	
At 31 July 2011	5,245
At 1 August 2010	5,708

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years

10. Tangible fixed assets

	Long leasehold land and buildings *£000*	*Plant and machinery* *£000*	*Fixtures, fittings, tools, equipment and vehicles* *£000*	*Total* *£000*
Cost				
At 1 August 2010	1,864	2,263	1,692	5,819
Additions	28	192	78	298
Disposals	—	(127)	(28)	(155)
At 31 July 2011	1,892	2,328	1,742	5,962
Depreciation				
At 1 August 2010	(442)	(1,567)	(1,465)	(3,474)
Charge for the year	(67)	(129)	(128)	(324)
Disposals	–	125	28	153
At 31 July 2011	(509)	(1,571)	(1,565)	(3,645)
Net book value				
At 31 July 2011	1,383	757	177	2,317
At 1 August 2010	1,422	696	227	2,345

Notes to the financial statements (continued)
at 31 July 2011

11. Investment in subsidiary undertakings

	2011	*2010*
	£000	*£000*
Cost		
At 31 July	2,479	2,479

Investments represent interests in the following wholly owned subsidiaries

Company	*Proportion of shares held*	*Nature of business*
Torin Limited	100%	Unremunerated agent
Sifan Systems Limited	100%	Unremunerated agent

12. Stocks

	2011	*2010*
	£000	*£000*
Raw materials and consumables	1,818	1,241
Work in progress	640	578
Finished goods and goods for resale	779	662
	3,237	2,481

The difference between the estimated replacement cost of stocks and the purchase price or production cost is not material

13. Debtors

	2011	*2010*
	£000	*£000*
Amounts falling due within one year		
Trade debtors	2,488	2,157
Amounts owed by group undertakings	-	10
Prepayments and accrued income	219	138
	2,707	2,305
Amounts falling due after one year		
Amounts owed by parent undertaking	4,693	2,774
Amounts owed by other group undertakings	3,297	3,107
	7,990	5,881

Amounts due from other group undertakings represents loans for which there no fixed date for repayment Interest is payable at 6% per annum and is compounded half-yearly on 31 January and 31 July The company will not demand the loans be repaid within 12 months of the date of approving these financial statements

Notes to the financial statements (continued)

at 31 July 2011

14. Creditors

	2011 £000	2010 £000
Amounts falling due within one year		
Trade creditors	2,422	2,044
Amounts owed to parent undertaking	-	1
Amounts owed to group undertakings	926	1,002
Other creditors	484	331
Taxes and social security	92	84
	3,924	3,462
Amounts falling due after one year		
Amounts owed to subsidiary undertakings	2,479	2,479

Amounts owed to subsidiary undertakings includes a loan from Torin Limited of £2,479,000 with no fixed date for repayment and no interest payable It is not the directors intention to repay in full, amount owed to subsidiary undertaking falling due in more than one year at 31 July 2011, within 12 months of the balance sheet date

The directors have received confirmation that no loans falling due after one year will not be called within 12 months of the date of approving these financial statements

15. Obligations under operating leases

At 31 July 2011, the company had annual commitments as follows

	Land and buildings		*Plant and machinery*	
	2011	*2010*	*2011*	*2010*
	£000	*£000*	*£000*	*£000*
Leases expiring				
Within one year	–	–	10	7
Within two to five years	–	–	8	11
After five years	3	3	–	–
	3	3	18	18

16. Provisions for liabilities

	Service Guarantees £000	*Deferred tax £000*	*Total £000*
At 1 August 2010	184	36	220
Arising during the year	68	1	69
Utilised	(91)	–	(91)
At 31 July 2011	161	37	198

Service guarantees

A provision is recognised for expected service guarantees on products sold during the year

Notes to the financial statements (continued)
at 31 July 2011

17. Issued share capital

		2011		2010
Allotted, called up and fully paid	*No*	*£000*	*No*	*£000*
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000

18. Reconciliation of shareholders' funds and movement on reserves

	Ordinary share capital £000	*Share premium account £000*	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 August 2009	5,000	10,000	27	15,027
Profit for the year	–	–	1,596	1,596
Dividends paid	–	–	–	–
At 1 August 2010	5,000	10,000	1,623	16,623
Profit for the year	–	–	2,387	2,387
At 31 July 2011	5,000	10,000	4,010	19,010

19. Capital commitments

	2011	2010
	£000	*£000*
Amounts contracted	171	84

20. Pensions

The company's employees who have elected to receive pension benefits are members of a defined contribution scheme operated by Volution Limited (an intermediate parent undertaking) Under the scheme, contribution rates paid by the company are fixed dependent upon the member's age and length of service

21. Contingent liabilities

The company guarantees bank loans of £45,111,000 (2010 – £58,753,000) held by Darwin Mezzanine Limited (an intermediate parent undertaking) with Royal Bank of Scotland plc on a joint and several basis with other group undertakings The company also acts as a chargor for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets

Notes to the financial statements (continued)
at 31 July 2011

22. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of the Volution Group Limited group, as 100% of the comapny's voting rights are controlled within the group and the group financial statements in which the company is consolidated are publicly available

23. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Vent-Axia Group Limited The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member, is Volution Group Limited Copies of the group financial statements of Volution Group Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX

The group's immediate parent undertaking is the AAC UK Buy Out Fund LP, which is a limited partnership fund registered in England The majority investor in this fund is AAC Capital NEBO Fund 1 LP which is a limited partnership registered in Scotland

AAC Capital Partners (Guernsey) Limited (the general partner of AAC UK Buy Out Fund LP) is regarded as the direct controlling party of the company and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the company

The financial statements of Volution Group Limited are not consolidated into the financial statements of any other entity