

Registered No 4569050

Companies House Copy

Torin Sifan Limited

Report and Financial Statements

31 July 2010

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COMPANIES HOUSE

Torin Sifan Limited

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 together with the financial statements for the year ended 31 July 2010

Results and dividends

The profit for the year was £1,596,000 (2009 – profit of £1,435,000)

The Directors do not recommend payment of a dividend for the year ended 31 July 2010 (2009 – £1,550,000)

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 during the year were as follows

	2010 £000	2009 £000	Change %
Turnover	16,913	17,360	(2.6%)
Operating profit	2,313	1,979	16.9%
Average number of employees	209	218	(4.1%)

Lower UK demand for the Company's residential and commercial products as a result of the adverse economic impact on the construction sector was partially offset by selective selling price increases and some exchange rate benefits

The operating profit improved by 16.9% as cost reduction initiatives and a favourable sales mix offset the reduction in turnover

The Company will continue to develop its existing activities and seek expansion opportunities to increase profitability both organically, through new products and new customers, and by acquisition

Principal risks and uncertainties

The Directors consider the principal risks and uncertainties facing the company to be broadly grouped as economic, exchange rates and financial instrument risk

Economic

In the UK demand for group 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 rates

Fluctuations in the exchange rate of sterling with other major currencies will impact both the revenue stream and purchase cost of some of the group'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. The risk to derivative financial instruments is minimal as the transacted rate and quantity of currency are fixed in advance. Risk arising on short term trading financial instruments 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. In relation to derivative financial instruments the Directors believe this to be related to the counterparty the company transacts with. This is typically a reputable high street bank and exposure is therefore minimal. With regard to trading instruments the Directors believe credit risk relates to trade debtors, to mitigate against 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 forward contracts. 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. The intention of using forward contracts is to minimise volatile cash flow resulting from exposure to foreign exchange risk. As the rate and amounts are fixed, exposure is deemed minimal.

Research and development

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.

Going concern

The Directors confirm, after making appropriate enquiries, they have a reasonable expectation 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.

On behalf of the Board
S J Diamond (Secretary)

17 NOV²⁰¹⁰



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). 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 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 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 2010 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 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 (APB'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.

Opinion on 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 2010 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

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

11 November 2020

Profit and loss account

for the year ended 31 July 2010

	Notes	2010 £000	2009 £000
Turnover	2	16,913	17,360
Cost of sales		(11,976)	(12,681)
Gross profit		4,937	4,679
Operating expenses	3	(2,624)	(2,700)
Operating profit	4	2,313	1,979
Interest receivable	7	282	224
Profit on ordinary activities before tax		2,595	2,203
Tax	8	(999)	(768)
Profit for the financial year	18	1,596	1,435

Statement of total recognised gains and losses

for the year ended 31 July 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,596,000 in the year ended 31 July 2010 (2009 – profit of £1,435,000)

Balance sheet

at 31 July 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Intangible assets	9	5,708	6,171
Tangible assets	10	2,345	2,270
Investment in subsidiaries	11	2,479	2,479
		<u>10,532</u>	<u>10,920</u>
Current assets			
Stocks	12	2,481	2,225
Debtors – amounts falling due within year	13	2,305	2,255
– amounts falling due in more than one year	13	5,881	3,601
Cash		1,585	1,423
		<u>12,252</u>	<u>9,504</u>
Creditors: amounts falling due within one year	14	(3,462)	(2,618)
Net current assets		<u>8,790</u>	<u>6,886</u>
Total assets less current liabilities		<u>19,322</u>	<u>17,806</u>
Creditors: amounts falling due in more than one year	14	(2,479)	(2,479)
Provisions for liabilities	16	(220)	(300)
Net assets		<u>16,623</u>	<u>15,027</u>
Capital and reserves			
Called up equity share capital	17	5,000	5,000
Share premium	18	10,000	10,000
Profit and loss account	18	1,623	27
Shareholders' funds	18	<u>16,623</u>	<u>15,027</u>



K Sargeant
Director

17 NOV 2010



S J Diamond
Director

17 NOV 2010

Notes to the financial statements

at 31 July 2010

1. Accounting policies

Accounting convention

The financial statements of Torin Sifan Limited were approved for issue by the Board of Directors on 22 October 2010

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

Basis of preparation

The Company is exempt from the requirement to prepare group financial statements by virtue of section 401 of Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking.

Statement of cash flows

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that the ultimate parent undertaking includes the company in its own publicly available group financial statements.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis, normally over 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that 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.

Notes to the financial statements (continued)

at 31 July 2010

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, 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 right to pay less or to receive 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.
- 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 2010

2. Turnover

Turnover, which comprises a single continuing class of activity, represents the net amount invoiced to customers, excluding value added tax and excluding sales of fixed assets. The analysis of turnover by geographical area is as follows:

	2010 £000	2009 £000
UK	9,133	9,475
Overseas	7,780	7,885
	<u>16,913</u>	<u>17,360</u>

3. Operating expenses

	2010 £000	2009 £000
Distribution costs	683	824
Administrative expenses	1,941	1,876
	<u>2,624</u>	<u>2,700</u>

4. Operating profit

This is stated after charging/(crediting)

	2010 £000	2009 £000
Depreciation of tangible fixed assets	325	310
Amortisation of intangible fixed assets	463	463
Operating lease rentals		
– land and buildings	3	3
– plant and machinery	20	12
Auditors' remuneration	18	18
Research and development expenditure	428	397
	<u></u>	<u></u>

5. Directors' emoluments

No emoluments were paid or are payable to the Directors in their capacity as Directors of the Company (2009 – Nil). The Directors are also Directors of the group's parent undertaking, Volution Group Limited and receive emoluments from Volution Holding Limited in respect of services to the group. 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 2010

6. Staff costs

	2010 £000	2009 £000
Wages and salaries	3,551	3,644
Social security costs	316	330
Other pension costs	174	169
	<u>4,041</u>	<u>4,143</u>

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

	2010 No	2009 No
Production	147	166
Sales and administration	62	52
	<u>209</u>	<u>218</u>

7. Interest receivable and similar income

	2010 £000	2009 £000
Interest receivable on loans to group undertaking	280	219
Other interest receivable	2	5
	<u>282</u>	<u>224</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010 £000	2009 £000
<i>Current tax</i>		
UK corporation tax on the profit for the year	1,001	690
Prior year adjustment	1	(21)
Total current tax (note 8(b))	<u>1,002</u>	<u>669</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(3)	99
Total deferred tax (note 8(c))	<u>(3)</u>	<u>99</u>
Tax on profit on ordinary activities	<u>999</u>	<u>768</u>

Notes to the financial statements (continued)

at 31 July 2010

8. Tax (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 28% (2009 – 28%) The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	2,595	2,203
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	726	617
<i>Effects of</i>		
Expenses not deductible for tax purposes	273	139
Capital allowances in advance of depreciation	(6)	(4)
Other timing differences	9	(62)
Adjustment in respect of prior year	–	(21)
Current tax charge for the year (note 8(a))	1,002	669
(c) Deferred tax		
At 1 August 2009	(39)	60
Deferred tax debit/(credit) in profit and loss account (note 8(a))	3	(99)
At 31 July 2010	(36)	(39)
Consisting of		
Short-term timing differences	(5)	(12)
Accelerated capital allowances	(31)	(27)
Deferred tax provision (note 16)	(36)	(39)

Notes to the financial statements (continued)

at 31 July 2010

9. Intangible fixed assets

Intangible fixed assets represents goodwill on the acquisition of businesses during the period ended 2 August 2003

	<i>Goodwill</i> £000
Cost	
At 1 August 2009 and 31 July 2010	9,256
Amortisation	
At 1 August 2009	(3,085)
Charge for the year	(463)
At 31 July 2010	(3,548)
Net book value	
At 31 July 2010	5,708
At 1 August 2009	6,171

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

10 Tangible fixed assets

	<i>Long leasehold land and buildings</i> £000	<i>Plant and machinery</i> £000	<i>Fixtures, fittings, tools, equipment and vehicles</i> £000	<i>Total</i> £000
Cost				
At 1 August 2009	1,816	2,885	2,234	6,935
Additions	48	225	133	406
Disposals	-	(847)	(675)	(1,522)
At 31 July 2010	1,864	2,263	1,692	5,819
Depreciation				
At 1 August 2009	(382)	(2,283)	(2,000)	(4,665)
Charge for the year	(60)	(127)	(138)	(325)
Disposals	-	843	673	1,516
At 31 July 2010	(442)	(1,567)	(1,465)	(3,474)
Net book value:				
At 31 July 2010	1,422	696	227	2,345
At 1 August 2009	1,434	602	234	2,270

Notes to the financial statements (continued)

at 31 July 2010

11. Investments

	2010	2009
	£000	£000
Cost		
At 1 August	2,479	2,479

Investments represent interests in the following subsidiary companies

<i>Company</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Torin Limited	100%	Unremunerated agent
Sifan Systems Limited	100%	Unremunerated agent

12. Stocks

	2010	2009
	£000	£000
Raw materials and consumables	1,241	1,148
Work in progress	578	491
Finished goods and goods for resale	662	586
	2,481	2,225

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

13. Debtors

	2010	2009
	£000	£000
Amounts falling due within one year		
Trade debtors	2,157	1,956
Amounts owed by other group undertakings	10	85
Prepayments and accrued income	138	214
	2,305	2,255
Amounts falling due in more than one year		
Amounts owed by other group undertakings	3,107	2,901
Amounts owed by parent undertaking	2,774	700
	5,881	3,601

Amounts due from group undertakings represents loans for which there no fixed date for repayment and interest is payable at 6% per annum compounded half-yearly on 31 Jan and 31 Jul

Notes to the financial statements (continued)

at 31 July 2010

14. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,044	1,618
Amounts owed to group undertakings	1,002	677
Amounts owed to parent company	1	6
Other creditors	331	233
Taxes and social security	84	84
	<u>3,462</u>	<u>2,618</u>
Amounts falling due in more than one year		
Amounts owed to subsidiary undertakings	<u>2,479</u>	<u>2,479</u>

Amounts owed to subsidiary undertakings include a £2,469k loan from Torin Limited 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 2010, within 12 months of the balance sheet date.

15. Obligations under operating leases

At 31 July 2010, the company had annual commitments as follows

	<i>Land and buildings</i>		<i>Plant and machinery</i>	
	2010 £000	2009 £000	2010 £000	2009 £000
Leases expiring				
Within one year	–	–	7	–
Within two to five years	–	–	11	20
After five years	3	3	–	–
	<u>3</u>	<u>3</u>	<u>18</u>	<u>20</u>

16. Provisions for liabilities

	<i>Service Guarantees</i> £000	<i>Deferred tax</i> £000	<i>Total</i> £000
At 1 August 2009	261	39	300
Arising during the year	38	–	38
Utilised	(115)	(3)	(118)
At 31 July 2010	<u>184</u>	<u>36</u>	<u>220</u>

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

Notes to the financial statements (continued)

at 31 July 2010

17. Issued share capital

	2010	2009
<i>Allotted, called up and fully paid</i>	<i>£000</i>	<i>£000</i>
5,000,000 ordinary shares of £1 each	5,000	5,000

18. Reconciliation of shareholders' funds and movement on reserves

	<i>Ordinary share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' fund £000</i>
At 1 August 2008	5,000	10,000	142	15,142
Profit for the year	–	–	1435	1435
Dividends paid	–	–	(1550)	(1550)
At 1 August 2009	5,000	10,000	27	15,027
Profit for the year	–	–	1,596	1,596
At 31 July 2010	5,000	10,000	1,623	16,623

19. Capital commitments

	2010	2009
	<i>£000</i>	<i>£000</i>
Amounts contracted	84	168

20. Pensions commitments

The Company's employees who have elected to receive pension benefits are members of a defined contribution scheme operated by Volution Limited, a group 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 £58,753,000 (2009 – £69,618,000) held by Darwin Mezzanine Limited 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.

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 voting rights are controlled within the group and the group financial statements in which the Company is consolidated are publicly available.

Notes to the financial statements (continued)

at 31 July 2010

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 are not consolidated into the financial statements of any other entity.