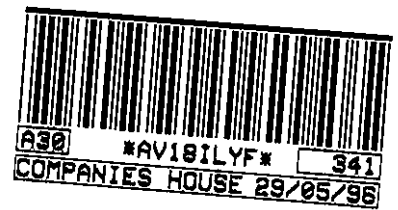




Thermic Designs Limited
Directors' report and financial statements
30 September 1995
Registered number 848288



Thermic Designs Limited

Directors' report and financial statements

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Thermic Designs Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 1995.

Principal activity

The principal activity of the company is process drying design and engineering.

Results

The results for the year are set out in the profit and loss account.

Post balance sheet event

On 10 November 1995 the company purchased 2,600 ordinary shares of £1 each for an aggregate consideration of £264,062 (representing 32.5% of the allotted share capital at 30 September 1995). The company has entered into a put and call option to repurchase a further 600 shares from Yardkeyne Limited for a sum of £60,936 between 28 July 1997 and 2 August 1997.

Proposed dividends and transfer to reserves

The directors recommend that an interim dividend of 7.8125p per share be paid in respect of the year. Mr KJ Ball and Mrs CS Ball have waived their right to this dividend resulting in a proposed dividend of £25,000.

The profit for the year retained in the company is £186,542.

Significant changes in fixed assets

Details of movements in fixed assets are shown in the notes to the financial statements.

In the opinion of the directors the market value of the freehold land and buildings does not differ significantly from the book value.

Thermic Designs Limited

Directors' report

Directors and directors' interests

The directors who held office during the year, together with their interests in the share capital of the company, were as follows:

	Ordinary shares of £1 each	
	At end of year	At beginning of year or date of appointment
KJ Ball (Chairman)	4,400	4,400
P Staton	-	-
Mrs CS Ball	400	400
NR Harrison (appointed 20 October 1995)	-	-
SG Birch (appointed 20 October 1995)	-	-
	<hr/>	<hr/>

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Thermic Designs Limited

Directors' report

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

For and on behalf of the board



KJ Ball
Director

Fenton Industrial Estate
Fenton
Stoke-on-Trent

14 December 1995



Festival Way
Stoke-on-Trent
Staffordshire ST1 5TA

Report of the auditors to the members of Thermic Designs Limited

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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's 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

14 December 1995

Thermic Designs Limited

Profit and loss account
for the year ended 30 September 1995

	<i>Note</i>	1995 £	1994 £
Turnover - continuing operations	2	4,300,557	2,852,834
Cost of sales		<u>(2,841,621)</u>	<u>(1,882,169)</u>
Gross profit		1,458,936	970,665
Administrative expenses		<u>(1,189,721)</u>	<u>(904,624)</u>
Operating profit - continuing operations		269,215	66,041
Other interest receivable and similar income	6	33,115	38,957
Interest payable and similar charges	7	<u>(11,709)</u>	<u>(30,359)</u>
Profit on ordinary activities before taxation	3	290,621	74,639
Tax on profit on ordinary activities	8	<u>(79,079)</u>	<u>(34,850)</u>
Profit for the financial year		211,542	39,789
Dividends proposed	9	<u>(25,000)</u>	-
Retained profit for the financial year		186,542	39,789
Retained profit brought forward		<u>487,868</u>	<u>448,079</u>
Retained profit carried forward		<u>674,410</u>	<u>487,868</u>

The company has no recognised gains or losses other than the profit for the year reported above.

Thermic Designs Limited

Balance sheet
at 30 September 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	10		590,228		597,517
Current assets					
Stocks	11	92,735		81,163	
Debtors	12	1,044,945		203,246	
Cash at bank and in hand		1,020,262		519,756	
			<u>2,157,942</u>		<u>804,165</u>
Creditors: amounts falling due within one year	13	(1,815,760)		(653,484)	
Net current assets			<u>342,182</u>		<u>150,681</u>
Total assets less current liabilities			<u>932,410</u>		<u>748,198</u>
Creditors: amounts falling due after more than one year	14		-		(2,330)
Net assets			<u>932,410</u>		<u>745,868</u>
Capital and reserves					
Called up share capital	16	8,000		8,000	
Capital redemption reserve		250,000		250,000	
Profit and loss account		674,410		487,868	
			<u>932,410</u>		<u>745,868</u>
Shareholders' funds					
Equity			932,410		744,868
Non-equity			-		1,000
			<u>932,410</u>		<u>745,868</u>

These financial statements were approved by the board of directors on 14 December 1995 and were signed on its behalf by:


KJ Ball
Director



Thermic Designs Limited

Cash flow statement for the year ended 30 September 1995

	Note	1995		1994	
		£	£	£	£
Net cash inflow from operating activities	20		619,961		417,097
Return on investments and servicing of finance					
Interest received		33,115		38,957	
Interest paid		(11,583)		(30,359)	
Dividends paid		-		(23,437)	
Net cash inflow/(outflow) from returns on investment and servicing of finance			21,532		(14,839)
Taxation					
UK corporation tax paid			(9,722)		(237,374)
Investing activities					
Purchase of tangible fixed assets		(68,783)		(106,401)	
Sale of tangible fixed assets		4,900		27,100	
Net cash outflow from investing activities			(63,883)		(79,301)
Net cash inflow before financing			567,888		85,583
Financing	21				
Capital elements of hire purchase loan repayments			9,427		40,240
Repayments of amounts borrowed			57,955		81,202
Paid up on equity share capital			-		(1,000)
Net cash outflow from financing			67,382		120,442
Increase/(decrease) in cash and cash equivalents	22		500,506		(34,859)
			567,888		85,583

Thermic Designs Limited

Reconciliation of movements in shareholders' funds *for the year ended 30 September 1995*

	1995 £	1994 £
Profit for the financial year	211,542	39,789
Dividends	(25,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	186,542	39,789
Opening shareholders' funds	745,868	706,079
	<hr/>	<hr/>
Closing shareholders' funds	932,410	745,868

Thermic Designs Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided on assets at a rate calculated to write off the cost less estimated residual value of each asset over its estimated useful life. The following rates have been applied:

Freehold buildings	-	2% per annum on cost
Buildings improvements	-	25% per annum on cost
Plant and machinery	-	20% per annum on net book value
Office furniture	-	20% per annum on net book value
Motor vehicles	-	25% per annum on net book value
Computer equipment	-	20% per annum on cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

The rentals in each accounting period in respect of operating leases are charged to profit and loss account.

Assets purchased by means of finance leases and similar hire purchase agreements are capitalised in the financial statements and depreciated at a rate similar to assets purchased outright. The obligation to pay in respect of the capital amount is provided in the financial statements and the interest is charged to profit and loss account at the time repayments are due.

Deferred taxation

Provision is made for all material timing differences using the liability method except where in the opinion of the directors no liability will arise in the foreseeable future.

Thermic Designs Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks and work in progress

Contract work in progress is stated at the lower of cost and net realisable value, with provisions for foreseeable losses being made on a contract-by-contract basis. Where contracts are short-term, no profit or turnover is recognised until a contract is complete.

Where items in contract work in progress are sufficiently material to the activity of the year they are treated as long term contracts and amounts based on costs have been transferred to cost of sales and corresponding amounts plus attributable profit transferred to turnover.

Attributable profit has been calculated by apportioning the expected profit, taking account of all future costs and revenues, by the stage of completion. Where losses are foreseeable full account has been taken of them.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Thermic Designs Limited

Notes (continued)

2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. The analysis of turnover by geographic market is as follows:

	1995 £	1994 £
United Kingdom	265,537	41,652
Far East	1,396,380	1,049,935
Europe	291,460	113,434
Middle East	150,268	739,371
South America	1,395,749	180,193
Africa	105,627	229,931
Other	695,536	498,318
	<u>4,300,557</u>	<u>2,852,834</u>

3 Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	6,500	6,500
Other services	9,165	7,150
Depreciation:		
Owned	68,413	63,423
Leased	2,373	13,548
Loss on disposal of fixed assets	386	432
Exchange losses	15,636	1,156
Hire of plant and machinery - rentals payable under operating leases	1,474	1,618
Research and development expenditure	3,272	6,402
	<u> </u>	<u> </u>

The total amount charged to revenue for the hire of plant and machinery amounted to £6,286 (1994: £24,049). This comprises rentals payable under operating leases as well as depreciation on plant and machinery held under finance leases together with the related finance charges.

Thermic Designs Limited

Notes (continued)

4 Remuneration of directors

	1995 £	1994 £
Directors' emoluments	<u>403,765</u>	<u>234,269</u>

Analysis of directors' emoluments (excluding pension contributions) is as follows:

	1995 £	1994 £
Highest paid director and chairman	<u>256,040</u>	<u>117,003</u>

	Number of directors	
	1995	1994
£10,001 - £15,000	1	2
£35,001 - £40,000	-	1
£80,001 - £85,000	1	-
£115,001 - £120,000	-	1
£255,001 - £260,000	<u>1</u>	<u>-</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Directors	3	3
Administration	7	7
Production and sales staff	<u>12</u>	<u>12</u>
	<u>22</u>	<u>22</u>

Thermic Designs Limited

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	740,882	430,263
Social security costs	74,748	39,142
Other pension costs	65,182	62,847
	<u>880,812</u>	<u>532,252</u>

6 Other interest receivable and similar income

	1995 £	1994 £
Bank interest receivable	<u>33,115</u>	<u>38,957</u>

7 Interest payable and similar charges

	1995 £	1994 £
Bank interest and charges	7,152	21,260
Hire purchase interest	2,439	8,883
Interest on overdue tax	2,118	216
	<u>11,709</u>	<u>30,359</u>

8 Taxation

	1995 £	1994 £
UK corporation tax at 33% (1994: 25%) on the profit for the year on ordinary activities	81,500	18,000
(Over)/under-provision in previous years	(2,421)	16,850
	<u>79,079</u>	<u>34,850</u>

Thermic Designs Limited

Notes (continued)

9 Dividends

	1995	1994
	£	£
Proposed interim	<u>25,000</u>	<u>-</u>

Mr KJ Ball and Mrs CS Ball have waived their right to the proposed interim dividend.

10 Tangible fixed assets

	Freehold buildings	Office equipment	Plant and machinery	Total
	£	£	£	£
Cost				
At beginning of year	461,832	207,585	202,466	871,883
Additions	46,819	6,357	15,607	68,783
Disposals	-	-	(9,400)	(9,400)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	508,651	213,942	208,673	931,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At beginning of year	61,528	100,574	112,264	274,366
Charge for year	25,533	22,674	22,579	70,786
On disposals	-	-	(4,114)	(4,114)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	87,061	123,248	130,729	341,038
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 30 September 1995	<u>421,590</u>	<u>90,694</u>	<u>77,944</u>	<u>590,228</u>
At 30 September 1994	<u>400,304</u>	<u>107,011</u>	<u>90,202</u>	<u>597,517</u>

Capital commitments at the end of the year contracted but not provided amounted to £14,342 (1994: £nil).

The net book value of assets at 30 September 1995 includes motor vehicles with a value of £7,119 (1994: £23,471) and office equipment with a value of £nil (1994: £22,894) held under hire purchase agreements.

Depreciation charged on these assets during the year amounted to £2,373 (1994: £13,548).

Thermic Designs Limited

Notes (continued)

11	Stocks	1995	1994
		£	£
	Contract work in progress	<u>92,735</u>	<u>81,163</u>
12	Debtors	1995	1994
		£	£
	<i>Amounts falling due within one year</i>		
	Trade debtors	942,160	158,233
	Other debtors	79,122	24,149
	Called up share capital not paid	1,000	1,000
	Prepayments and accrued income	16,413	19,864
	<i>Amounts falling due after more than one year</i>		
	ACT recoverable	<u>6,250</u>	<u>-</u>
		<u>1,044,945</u>	<u>203,246</u>

Thermic Designs Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	1995		1994	
	£	£	£	£
Bank loans and overdrafts (see note 14)		-		57,955
Obligations under hire purchase contracts		3,472		10,569
Payments received on account		597,336		-
Trade creditors		706,691		457,713
Other creditors including taxation and social security:				
Corporation tax	73,000		12,143	
Other taxes and social security	15,932		11,863	
Advance corporation tax payable	6,250		-	
		<u>95,182</u>		<u>24,006</u>
Accruals and deferred income		388,079		103,241
Proposed dividend		25,000		-
		<u>1,815,760</u>		<u>653,484</u>

14 Creditors: amounts falling due after more than one year

	1995	1994
	£	£
Obligations under hire purchase contracts	-	2,330
	<u>-</u>	<u>2,330</u>

Bank borrowings are secured by a fixed and floating charge over the company's assets.

15 Provisions for liabilities and charges

	1995		1994	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Deferred taxation:				
Difference between accumulated depreciation and capital allowances	-	7,581	-	6,690
	<u>-</u>	<u>7,581</u>	<u>-</u>	<u>6,690</u>

Thermic Designs Limited

Notes (continued)

16	Called up share capital	1995	1994
		£	£
	<i>Authorised</i>		
	250,000 ordinary shares of £1 each	250,000	250,000
	250,000 redeemable cumulative preference shares of £1 each	250,000	250,000
		<u>500,000</u>	<u>500,000</u>
	<i>Allotted and called up</i>		
	8,000 ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>

In 1994 1,000 ordinary shares of £1 each were unpaid and treated as non-equity as they only had limited rights to capital on a winding-up.

17 Commitments under leases

At 30 September 1995 the company had annual commitments under operating leases as set out below:

	Plant and machinery	
	1995	1994
	£	£
Operating leases which expire:		
Within one year	340	184
In the second to fifth years inclusive	396	1,076
	<u>736</u>	<u>1,260</u>

18 Contingent liabilities

The company has given a terminable indemnity to its bankers in respect of guarantees issued to customers for deposits on contracts amounting to £567,000.

Thermic Designs Limited

Notes (continued)

19 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £65,182 (1994: £62,847).

There was no pension accrual or prepayments at the year end (1994: nil).

20 Reconciliation of operating profit to net cash inflow from operating activities

	1995 £	1994 £
Operating profit	269,215	66,041
Depreciation charge	70,786	76,971
Loss on sale of tangible fixed assets	386	432
(Increase)/decrease in stocks	(11,572)	35,699
(Increase)/decrease in debtors	(850,199)	589,017
Increase/(decrease) in creditors	1,141,345	(351,063)
	<u>619,961</u>	<u>417,097</u>
Net cash inflow from operating activities	<u>619,961</u>	<u>417,097</u>

21 Analysis of changes in financing during the year

	Unpaid share capital £	Bank loans £	Hire purchase obligations £
Balance at 30 September 1993	(2,000)	139,157	53,139
Cash inflow/(outflow) from financing	1,000	(81,202)	(40,240)
	<u>(1,000)</u>	<u>57,955</u>	<u>12,899</u>
Balance at 30 September 1994	(1,000)	(57,955)	(9,427)
	<u>(1,000)</u>	<u>-</u>	<u>3,472</u>
Balance at 30 September 1995	<u>(1,000)</u>	<u>-</u>	<u>3,472</u>

Thermic Designs Limited

Notes (continued)

22 Analysis of changes in cash and cash equivalents

	Cash £
Balance at 30 September 1993	554,615
Net cash outflow	<u>(34,859)</u>
Balance at 30 September 1994	519,756
Net cash inflow	<u>500,506</u>
Balance at 30 September 1995	<u>1,020,262</u>

23 Post balance sheet events

On 10 November 1995 the company purchased 2,600 ordinary shares of £1 each from Yardkeyne Limited for an aggregate consideration of £264,062 (representing 32.5% of the allotted share capital at 30 September 1995). The company has entered into a put and call option to repurchase a further 600 shares for a sum of £60,936 between 28 July 1997 and 2 August 1997.