

Thermal Transfer Technology Limited

Report and financial statements

30 September 2017

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COMPANIES HOUSE

Directors

Mr A G Thomsen
Mr I Pearson
Mr D Hill
Mr S J Barnes
Mr K Tumilty

Secretary

Mr I Pearson

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Barclays Bank PLC
City Office
Percy Street
Newcastle upon Tyne
NE1 4QL

Solicitors

Watson Burton LLP
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

Registered office

Hall Dene Way
Seaham Grange Industrial Estate
Seaham
County Durham
SR7 0PU

Strategic report

The directors present their Strategic Report for the year ended 30 September 2017.

Results

The loss for the year, after taxation, amounted to £346,717. (2016: profit of £73,867).

Review of the business

The company's principal activity during the year continued to be the manufacture of finned tube heat exchangers.

The key financial performance indicators of the company during the year were as follows:

	2017 £'000	2016 £'000	Change %
Turnover	6,814	4,941	38
Operating (Loss)/profit	(269)	55	589
(Loss)/Profit before tax	(270)	99	373
Shareholders' funds	3,902	4,748	-18
Current assets as % of current liabilities	293%	610%	

The result for the year was an operating profit (before exceptional costs) after a 38% rise in turnover, the control of overhead and the flexibility of the production process has helped results.

Unfortunately the Directors have had to take the decision to halt support for our investment in an overseas manufacturing company which relied on a local manager. Due to a serious illness the manager was unable to travel and service customers and the business. 3T were unable to find a suitably qualified replacement with enough specialised and local knowledge to manage the company.

Future developments

The directors are expecting to improve on the current level of business.

Financial risk management policy

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

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

Interest rate risk

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

Price risk

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

Credit risk

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

Strategic report

Liquidity risk

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

Foreign currency risk

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

The strategic report was approved by the Board of Directors on 26 June 2018 and signed on their behalf by:



Iain Pearson
Director

Directors' report

The directors present their report and financial statements for the year ended 30 September 2017.

The company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the company strategic report the following which the directors believe to be of strategic importance:

- Review of the business
- Future developments
- Financial risk management policy

Dividends

A preference dividend has been paid during the year of £500,000. The directors do not recommend a final dividend.

Directors

The directors who served during the year were as follows:

Mr A G Thomsen

Mr I Pearson

Mr D Hill

Mr S Barnes

Mr K Tumilty (appointed 1 January 2017)

Going concern

The directors have maintained the going concern basis in preparing the annual report and financial statements because they have an expectation that the company has adequate resources to continue operating for the foreseeable future and the company will continue to pay its liabilities as they fall due for a period of at least 12 months from the date of the financial statements.

Disclosure of information to the auditors

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

By order of the Board



Iain Pearson
Director

26 June 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report (including the Strategic Report and Directors' 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;
- 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 which 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 to 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Thermal Transfer Technology Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Thermal Transfer Technology Limited

Opinion

We have audited the financial statements of Thermal Transfer Technology Ltd for the year ended 30 September 2017 which comprise the Income Statement, the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, Statement of cash flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report

to the members of Thermal Transfer Technology Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Independent auditors' report

to the members of Thermal Transfer Technology Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Darren Rutherford (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne

26 June 2018

Income Statement

for the year ended 30 September 2017

	Notes	2017 £	2016 £
Turnover	2	6,813,713	4,941,155
Cost of sales		5,094,897	3,652,815
Gross profit		<u>1,718,816</u>	<u>1,288,340</u>
Distribution costs		255,290	178,790
Administrative expenses		1,112,727	1,054,782
Exceptional Item	21	619,540	
		<u>1,987,557</u>	<u>1,233,572</u>
Operating (loss)/profit	3	<u>(268,741)</u>	<u>54,768</u>
Interest (payable)/receivable	6	(1,368)	44,211
(Loss)/profit before tax		<u>(270,109)</u>	<u>98,979</u>
Tax charge on profit	7	(76,608)	(25,112)
(Loss)/profit for the financial year		<u><u>(346,717)</u></u>	<u><u>73,867</u></u>

All activities of the company are continuing.

Statement of Comprehensive Income

for the year ended 30 September 2017

There was no other comprehensive income other than the loss attributable to shareholders of the company of £346,717 (2016: profit of £73,867).

Statement of Changes in Equity

for the year ended 30 September 2017

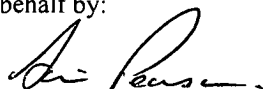
	Share capital £	Profit and loss account £	Total £
At 30 September 2015	1,215,308	4,459,097	5,674,405
Profit for the year	-	73,867	73,867
Dividend	-	(1,000,000)	(1,000,000)
At 30 September 2016	1,215,308	3,532,964	4,748,272
Loss for the year	-	(346,717)	(346,717)
Dividend	-	(500,000)	(500,000)
At 31 September 2017	1,215,308	2,686,247	3,901,555

Statement of Financial Position

at 30 September 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	8	1,450,517	1,564,728
Investments	9	300	300
		<u>1,450,817</u>	<u>1,565,028</u>
Current assets			
Stocks	10	1,013,806	932,571
Debtors	11	2,208,851	1,739,212
Cash at bank and in hand	13	638,868	1,272,022
		<u>3,861,525</u>	<u>3,943,805</u>
Creditors: amounts falling due within one year	12	1,318,938	647,046
Net current assets		<u>2,542,587</u>	<u>3,296,759</u>
Total assets less current liabilities		<u>3,993,404</u>	<u>4,861,787</u>
Provisions for liabilities	15	91,849	113,515
		<u>3,901,555</u>	<u>4,748,272</u>
Capital and reserves			
Called up share capital	16	1,215,308	1,215,308
Profit and loss account	17	2,686,247	3,532,964
		<u>3,901,555</u>	<u>4,748,272</u>
Shareholders' funds			
Equity		2,687,247	3,533,964
Non-equity		1,214,308	1,214,308
		<u>3,901,555</u>	<u>4,748,272</u>

The financial statements were approved by the Board of Directors on 26 June 2018 and signed on their behalf by:



Iain Pearson
Director

Statement of cash flows

for the year ended 30 September 2017

	Notes	2017 £	2016 £
Net cash (outflow)/inflow from operating activities	3(b)	(163,292)	602,803
Investing activities			
Interest (paid)/received		(1,368)	44,211
Payments to acquire tangible fixed assets		(79,895)	(329,012)
Receipts from sale of tangible fixed assets		11,401	16,500
Net cash flow from investing activities		(69,862)	(268,301)
Financing activities			
Dividends Paid		(500,000)	(1,000,000)
New loans/(repayment)	13	100,000	(5,000)
Net cash flow from financing activities		(400,000)	(1,005,000)
(Decrease)/Increase in cash and cash equivalents	13	(633,154)	(670,498)
Cash and cash equivalents at 1 October	13	1,272,022	1,942,520
Cash and cash equivalents at 30 September	13	638,868	1,272,022

Notes to the financial statements

for the year ended 30 September 2017

1. Accounting policies

Statement of compliance

Thermal Transfer Technology Ltd is a private limited liability company, limited by shares, incorporated in England. The Registered Office is Hall Dene Way, Seaham Grange Industrial Estate, Seaham, County Durham, SR7 0PU.

The company's financial statements have been prepared in compliance with FRS 102.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A

Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in GBP sterling, rounded to the nearest £, which is the functional currency of the company.

Consolidation

The company has not prepared group financial statements on the grounds that its subsidiaries have not traded and are immaterial to the group, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

Judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date, and the amounts reported for revenues and expenses during the period.

However, the nature of estimation means that actual outcomes could differ from those estimates.

None of the judgements and estimates have a significant effect on the financial statements.

Other Significant Accounting Policies

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 40 years
Plant and machinery	-	over 10 years
Fixtures and Fittings	-	over 10 years
Computer equipment	-	over 5 years
Motor vehicles	-	over 5 years

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

Notes to the financial statements

for the year ended 30 September 2017

1. Accounting policies (continued)

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 | - cost of direct materials and labour plus attributable overheads based on a normal level of activity. |

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off as incurred.

Operating lease rentals

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term.

Warranty provision

The company makes a provision where necessary in respect of expected warranty costs on products sold during the past year. It is expected that most of these costs will be incurred in the next financial year.

Current taxation

Judgement is required when determining the provision for taxes. Tax benefits are not recognised unless it is probable that the benefit will be obtained. Tax provisions are made if it is possible that a liability will arise. The company reviews each significant tax liability or benefit to assess the appropriate accounting treatment. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future profits.

Deferred taxation

Deferred taxation is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred taxation assets are recognised only to the extent that the directors consider that is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement.

Pensions

The company contributes to private pension schemes for its directors and employees. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Notes to the financial statements

for the year ended 30 September 2017

1. Accounting policies (continued)

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is usually recognised on delivery of goods.

Turnover in relation to titanium contracts is invoiced in stages as follows:

- 25% invoiced in advance based on approval of contract documentation
- 25% invoiced on acceptance of product testing
- 40% invoiced upon delivery of goods
- 10% invoiced on final completion

Turnover is recognised in the income statement on contracts as contract activity progresses and the company earns the right to consideration for performance achieved.

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

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	4,906,271	3,594,121
Europe	1,886,921	1,330,526
Rest of the World	20,521	16,508
	<u>6,813,713</u>	<u>4,941,155</u>

3. Operating (loss)/profit

a) This is stated after charging:

	2017	2016
	£	£
Material Usage	3,395,007	2,208,659
Auditors' remuneration – audit fees	15,000	15,000
– non-audit fees (taxation compliance services)	8,270	14,088
Depreciation of owned fixed assets	194,106	182,303
(Profit) on disposal of fixed assets	(11,401)	(275)
Exchange Gains	(24,051)	(220,469)
Operating lease rentals – freehold land	16,800	16,800
	<u> </u>	<u> </u>

Notes to the financial statements

for the year ended 30 September 2017

3. Operating (loss)/profit (continued)

b) Reconciliation of (loss)/profit before tax to net cash inflow from operating activities:

	2017	2016
	£	£
(Loss)/profit before tax	(270,109)	98,979
Depreciation	194,106	182,303
Profit on disposal of fixed assets	(11,401)	(275)
Decrease/(increase) in debtors	(469,638)	919,056
(Increase)/decrease in stocks	(81,235)	(72,573)
Decrease in creditors	496,350	(337,408)
Net interest payable/(receivable)	1,368	(44,211)
Corporation tax paid	(22,733)	(143,068)
Net cash inflow from operating activities	(163,292)	602,803

4. Directors' emoluments

The emoluments of the directors were as follows:

	2017	2016
	£	£
Emoluments (salaries and fees)	274,167	241,762
Estimated benefits in kind	50,210	35,990
Contributions to defined contribution pension scheme	31,759	31,086
	356,136	308,838

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

	2017	2016
	No.	No.
Defined contribution pension scheme	4	4

The emoluments in respect of the highest paid director were as follows:

	2017	2016
	£	£
Emoluments (salaries and fees)	104,498	103,310
Estimated benefits in kind	12,176	9,655
Contributions to defined contribution pension scheme	18,000	18,000
	134,674	130,965

The directors of the company are considered to be the only key management personnel.

Notes to the financial statements

for the year ended 30 September 2017

5. Staff costs

	2017	2016
	£	£
Wages, salaries and other employee benefits	1,851,453	1,676,245
Social security costs	134,589	142,192
Other pension costs	37,239	52,371
	<u>2,023,281</u>	<u>1,870,808</u>

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

	No.	No.
Administration	22	22
Manufacturing	73	73
	<u>95</u>	<u>95</u>

6. Interest receivable

	2017	2016
	£	£
Bank interest receivable	-	10,496
Other interest receivable	1,507	33,715
Other interest payable	(2,875)	-
	<u>(1,368)</u>	<u>44,210</u>

7. Taxation on (loss)/profit

a) Analysis of tax charge in the year

	2017	2016
	£	£
Current tax:		
UK corporation tax - current year	75,541	-
Corporation tax under/(over) provided in previous years	22,733	-
Total current tax charge	<u>98,274</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(22,356)	45,144
Effect of changes in tax rate	690	(20,032)
Total deferred tax charge (note 15)	<u>(21,666)</u>	<u>25,112</u>
Tax charge	<u>76,608</u>	<u>25,112</u>

Notes to the financial statements

for the year ended 30 September 2017

7. Taxation of profit (continued)

b) Factors affecting current tax charge

The tax assessed on the (loss)/profit for the year is different to the standard rate of corporation tax in the UK of 19.5% (2016: 20%).

The differences are reconciled below:

	2017	2016
	£	£
(Loss)/profit before tax	(270,109)	98,979
(Loss)/profit on before tax at 19.5% (2016: 20%)	38,770	19,796
Effects of:		
Expenses not deductible for tax purposes	13,028	25,347
Adjustments from previous periods	5,759	-
Tax rate changes	690	(20,032)
Provision against related party debt	109,802	-
Roundings	-	1
Total current tax (note 8(a))	76,608	25,112

c) Factors that may affect future tax charges

The UK government has announced its intention to reduce the rate of UK corporation tax to 17%. This substantively enacted rate has been applied to deferred tax liabilities but has no impact on current tax liabilities.

Notes to the financial statements

for the year ended 30 September 2017

8. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Motor Vehicles</i>	<i>Fixtures and fittings</i>	<i>Plant and machinery</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 October 2016	2,148,548	67,097	166,883	2,729,143	80,081	5,191,752
Additions	-	24,652	4,407	44,383	6,453	79,895
Disposals	-	(35,997)	-	-	-	(35,997)
At 30 September 2017	<u>2,148,548</u>	<u>55,752</u>	<u>171,290</u>	<u>2,773,526</u>	<u>86,534</u>	<u>5,235,650</u>
Depreciation:						
At 1 October 2016	1,429,528	42,310	116,317	1,977,123	61,746	3,627,024
Charge during the period	55,372	7,895	5,134	120,227	5,478	194,106
Disposal	-	(35,997)	-	-	-	(35,997)
At 30 September 2017	<u>1,484,900</u>	<u>14,208</u>	<u>121,451</u>	<u>2,097,350</u>	<u>67,224</u>	<u>3,785,133</u>
Net book value:						
At 30 September 2017	<u>663,648</u>	<u>41,544</u>	<u>49,839</u>	<u>676,176</u>	<u>19,310</u>	<u>1,450,517</u>
At 1 October 2016	<u>719,020</u>	<u>24,787</u>	<u>50,566</u>	<u>752,020</u>	<u>18,335</u>	<u>1,564,728</u>

Included in freehold land and buildings is land at a cost of £64,494 (2016: £64,494) which is not depreciated.

For the year ended 30 September 2008, freehold land and buildings were tested for impairment and were valued by Bradley Hall Chartered Surveyors on the basis of open market value, and a reduction in value was recorded. No further impairment testing has been required since that date.

9. Investments

	2017	2016
	£	£
Unquoted investments	<u>300</u>	<u>300</u>

The company owns 100% of the issued ordinary share capital of Stylecall Limited, 3T Coils Limited, and Thermal Transfer Limited (formally Willowscreen Limited), all unquoted dormant companies registered in England and Wales.

The company previously held 89% of the issued share capital of Frigortek Cooling Systems ApS for a negligible amount. Frigortek Cooling Systems ApS has gone into liquidation and the company has written off the all balances owed. (note: 21b)

Notes to the financial statements

for the year ended 30 September 2017

10. Stocks

	2017	2016
	£	£
Raw materials and consumables	769,257	726,584
Work in progress	244,549	205,987
	<u>1,013,806</u>	<u>932,571</u>

The company held stock on a consignment basis at 30 September 2016 with a cost of £32,145. (2016: £62,777) which is not included in the balance sheet, and not invoiced by the supplier, until it is brought into use.

11. Debtors

	2017	2016
	£	£
Trade debtors	1,913,616	1,312,629
Other debtors	180,824	319,623
Prepayments and accrued income	114,411	106,960
	<u>2,208,851</u>	<u>1,739,212</u>

12. Creditors: amounts falling due within one year

	2017	2016
	£	£
Current instalments due on other loans (note 14)	100,000	-
Trade creditors	996,463	521,352
Other taxes and social security	117,274	88,071
Corporation tax	75,541	-
Accruals	29,660	37,623
	<u>1,318,938</u>	<u>647,046</u>

13. Analysis of net funds

	Cash at bank and in hand £	Debt due within one year £	Debt due after one year £	Total £
At 30 September 2015	1,942,520	(5,000)	-	1,937,520
Cash flows	(670,498)	5,000	-	(665,498)
At 30 September 2016	1,272,022	-	-	1,272,022
Cash flows	(633,154)	(100,000)	-	(733,154)
At 30 September 2017	<u>638,868</u>	<u>(100,000)</u>	<u>-</u>	<u>538,868</u>

Notes to the financial statements

for the year ended 30 September 2017

14. Loans

	2017 £	2016 £
Amounts repayable within one year other than by instalments	100,000	-

Included within amounts repayable within one year other than by instalments was a loan from Tadora Holdings Limited at 11.5% per annum. The Tadora Holdings Limited loan is unsecured.

15. Provision for liabilities and charges

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

	2017 £	2016 £
At 1 October - liability	(113,515)	(88,404)
Charge for the year	21,666	(25,112)
Roundings	-	1
At 30 September – liability	(91,849)	(113,515)

Deferred taxation is provided in the financial statements as follows:

	2017 £	2016 £
Fixed asset timing differences	(96,098)	(114,108)
Other timing differences	-	-
Losses	4,249	593
Deferred tax liability	(91,848)	(113,515)

16. Share capital

	2017 No.	Authorised 2016 No.	2017 £	Allotted, called up and fully paid 2016 £
Ordinary shares of £1 each	1,000,000	1,000,000	1,000	1,000
10% preference shares of £1 each	1,500,000	1,500,000	1,214,308	1,214,308
	2,500,000	2,500,000	1,215,308	1,215,308

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

Notes to the financial statements

for the year ended 30 September 2017

17. Reserves

Profit and loss account

This records cumulative profit and loss less any dividends paid.

18. 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.

19. Ultimate parent undertaking

The ultimate parent undertaking and controlling party at 30 September 2017 was Three-T Jersey Limited, a company incorporated in Jersey. Three-T Jersey Limited is owned by a Jersey resident trust.

20. Other financial commitments

The company entered into an operating lease agreement during 1999 with a personal pension fund of which Mr A G Thomsen director of the company, is a member. The pension fund leases land to the company for an annual rental of £16,800 under a 25 year lease agreement. The amount paid during the year was £16,800. (2016: £16,800). The total future minimal rentals payable is £117,600.

21. Related parties

During the year the company entered into the following transactions with related parties:

(a) Loans to directors

At the year-end the company was owed the following amounts from directors of the company:

A G Thomsen	£ 49,429
I Pearson	£ 3,217
S Barnes	£ 4,130
D Hill	£ 432
K Tumilty	£ 94,610

There are no formal terms of repayment of these current accounts. The maximum total outstanding balance due to the company during the year was £151,818. (2016: £345,609).

(b) Other related parties

During the year, sales of £248,279. (2016: £274,100) were made to Frigortek Cooling Systems ApS. At 30 September 2017, £265,879. (2016: £154,698) was due from Frigortek Cooling Systems ApS. On the 17th November 2017 Frigortek Cooling systems ApS was placed in administration and the directors do not envisage any repayment of this balance and it has therefore been fully provided against.

At 30 September 2017, £353,661 £ (2016: £258,804) was due from Frigortek Cooling Systems ApS. This balance is not recoverable and it has therefore been fully provided against.

There are no outstanding balances with Espresso Systems ApS and Enluco Ltd at the year end.

In the opinion of the directors, the company and its directors do not exercise control over Enluco Limited (owned by Tadora Holdings Limited), and Espresso Systems ApS and as such these entities are not accounted for as subsidiary or associated undertakings in these financial statements.