

# Torin Sifan Limited

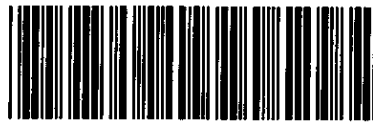
Report and Financial Statements

Year Ended

31 July 2023

Company Number 04569050

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# Torin Sifan Limited

## Report and financial statements for the year ended 31 July 2023

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### Directors

R A George  
A O'Brien

### Secretary and Registered office

Fiona Smith, Fleming Way, Crawley, West Sussex, RH10 9YX, United Kingdom

### Company number

04569050

# Torin Sifan Limited

## Strategic report for the year ended 31 July 2023

The directors of Torin Sifan Limited ('the Company') present their strategic report for the year ended 31 July 2023.

### Principal activity of the business

The principal activity of the Company continues to be the design, manufacture and distribution of a range of motors and components for use in air movement applications and gas boilers.

### Business review

The profit for the year, after taxation, is £2,675,000 (2022: £3,515,000). The Company's key financial and other performance indicators during the year were as follows:

	2023 £000	2022 £000
Turnover	29,244	29,366
Operating profit	3,456	4,366
EBITDA	4,273	5,171
Average number of employees	243	243

### Principal risks and uncertainties (including those arising from the use of financial instruments)

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as economic, exchange rate and financial instrument related. These risks are explained further below:

#### Economic risk

In the UK, demand for the Company's products is influenced by both public and privately funded new and refurbishment construction projects. The UK construction market is in turn heavily influenced by prevailing macro-economic conditions and relevant UK and European legislation particularly with regards to air quality and energy efficiency. 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 turnover stream and purchase cost of some of the Company's products. The Company benchmarks turnover and direct expenditure denominated in foreign currency on a regular basis.

# Torin Sifan Limited

## Strategic report for the year ended 31 July 2023 (continued)

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### Financial instrument risk

The Company principally engages in short-term working capital (trade debtors, trade creditors and cash). The directors' understanding of and the Company's exposure to risk because of using financial instruments is as follows:

- **Price risk**  
Risk that the value of a financial instrument will fluctuate because of changes in market prices. The directors consider this risk to relate to foreign exchange. Risk arising on non-derivative financial instruments is mitigated by utilisation of surplus foreign currency within the group of which the Company is a member.
- **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 principally relates to trade debtors. To mitigate against exposure to credit risk the Company has developed strong credit control procedures, internal control mechanisms and has entered a credit insurance policy.
- **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 under financial instruments. Cash flow is regularly monitored using weekly and monthly reporting, in addition, the Company undertakes quarterly reforecast updates against the annual budget.

On behalf of the Board



Andy O'Brien  
Director  
11 January 2024

# Torin Sifan Limited

## Directors' report for the year ended 31 July 2023

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The directors of Torin Sifan Limited ('the Company') present their report and financial statements for the year ended 31 July 2023.

### Directors

The directors of the company throughout the year and to the date of approval of the report and financial statements were:

R A George  
A O'Brien

### Dividends

The Company paid a dividend of £1,500,000 (2022 £1,488,000) to Volution Holdings Limited during the year.

### Donations

During the year, the company did not make any political or charitable donations.

### Future developments

The Company will continue to develop its existing activities and seek expansion opportunities to increase profitability.

### Financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Instruments used are principally foreign exchange forward contracts, more information is set out in the strategic report.

### Research and development

The Company carries out research and development programmes to suit its particular market, product and customer needs.

### Disabled employees and employee involvement

A skilled workforce is key to the future of the Company. Health and Safety matters are reviewed regularly by the directors and it is our policy to ensure that:

- Full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- If an existing employee becomes disabled (whether due to illness or accident) every reasonable effort is made to continue to provide employment either in the same job, or by training for a suitable alternative job; and
- Disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

Management are regularly provided with a range of information concerning the performance of the business by means of meetings and similar briefings that allows employees' views and opinions to be taken into consideration. Other means of communication are used to ensure employees are systematically provided with information on matters of concern to them.

### Directors' liabilities

The enlarged Group of which the Company is a member has granted an indemnity to certain directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force at the date of approving the directors' report.

# Torin Sifan Limited

## Directors' report for the year ended 31 July 2023 (continued)

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### Going concern

The principal risks and uncertainties of the Company are managed at a Group level. The Company is dependent upon the continued support of its ultimate parent company, Volution Group plc, because of the way that the Group's *intra-group funding structure is administered*. Therefore, the directors have requested and obtained a letter from the directors of Volution Group plc confirming, in writing, their commitment to continue to support the company until 31 January 2025.

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the directors have considered government policy, and the overall impact on consumer demand as well as the ability of Volution Group plc to provide the required support to the Company. Having made suitable enquiries, the Board has a reasonable expectation that the Group will be able to manage its business risks and to continue in operational existence until 31 January 2025 and has sufficient liquidity and covenant headroom, after consideration of the reasonably possible downside scenarios and stress testing, over this going concern period to prepare the accounts on that basis.

Accordingly, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

On behalf of the Board



Andy O'Brien  
Director  
11 January 2024

# Torin Sifan Limited

## Directors' responsibilities statement for the year ended 31 July 2023

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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 year.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Torin Sifan Limited

## Statement of comprehensive income for the year ended 31 July 2023

	Note	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
<b>Revenue from contracts with customers</b>	4	<b>29,244</b>	29,366
Cost of sales		<u>(22,501)</u>	<u>(21,849)</u>
<b>Gross profit</b>		<b>6,743</b>	7,517
Administration and distribution expenses		<u>(3,287)</u>	<u>(3,151)</u>
<b>Operating profit</b>	5	<b>3,456</b>	4,366
Interest payable	7	<u>(34)</u>	<u>(17)</u>
<b>Profit on ordinary activities before tax</b>		<b>3,422</b>	4,349
Taxation on profit on ordinary activities	8	<u>(747)</u>	<u>(834)</u>
<b>Profit for the financial year</b>		<b>2,675</b>	3,515
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive income</b>		<b><u>2,675</u></b>	<b><u>3,515</u></b>

The results for the current and prior year arises solely from continuing operations.

The notes on pages 10 to 27 form part of these financial statements.

# Torin Sifan Limited

## Statement of financial position at 31 July 2023

Company number 04569050					
	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Non-current assets</b>					
Intangible assets	10		4,768		4,828
Right-of-use assets	11		462		516
Tangible assets	12		<u>2,739</u>		<u>2,811</u>
			7,969		8,155
<b>Current assets</b>					
Inventories	13	7,763		6,293	
Trade and other receivables	14	3,594		5,025	
Prepayments		292		99	
Cash at bank and in hand		<u>933</u>		<u>934</u>	
		12,582		12,351	
<b>Current liabilities</b>					
Trade and other payables	15	(4,593)		(5,675)	
Refund liabilities	4	(27)		(48)	
Current lease liabilities	11	(162)		(131)	
Provisions for liabilities	16	<u>(133)</u>		<u>(154)</u>	
		(4,915)		(6,008)	
<b>Net current assets</b>			<u>7,667</u>		<u>6,343</u>
<b>Total assets less current liabilities</b>			<b>15,636</b>		<b>14,498</b>
<b>Non-current liabilities</b>					
Provisions for liabilities	16		(50)		(50)
Non-current lease liabilities	11		(367)		(466)
Deferred tax	17		<u>(405)</u>		<u>(343)</u>
<b>Net assets</b>			<u>14,814</u>		<u>13,639</u>
<b>Capital and reserves</b>					
Called up share capital	18		—		—
Share based payment reserve			19		19
Profit and loss account			<u>14,795</u>		<u>13,620</u>
<b>Equity attributable to owners of the parent company</b>			<u>14,814</u>		<u>13,639</u>

The financial statements were approved by the Board of Directors and authorised for issue on 11 January 2024.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.



Andy O'Brien  
Director

The notes on pages 10 to 27 form part of these financial statements.

# Torin Sifan Limited

## Statement of changes in equity at 31 July 2023

	Share capital £'000	Share based payment reserve £'000	Profit and loss account £'000	Total equity £'000
<b>1 August 2021</b>	—	19	11,593	11,612
Profit for the year	—	—	3,515	3,515
Dividends	—	—	(1,488)	(1,488)
<b>1 August 2022</b>	—	19	13,620	13,639
Profit for the year	—	—	2,675	2,675
Dividends	—	—	(1,500)	(1,500)
<b>31 July 2023</b>	—	19	14,795	14,814

The notes on pages 10 to 27 form part of these financial statements.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023

### 1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements present the results and financial position of Torin Sifan Limited ("the Company") for the year ended 31 July 2023. The Company is a private limited company and is incorporated and domiciled in England and Wales. The address of the Company's registered office is Fleming Way, Crawley, West Sussex, RH10 9YX.

The financial statements were authorised for issue by the board of directors on 11 January 2024 and the statement of financial position was signed on the board's behalf by Andy O'Brien.

The financial statements have been prepared in accordance with FRS 101, under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in the functional currency of the Company which is Sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Volution Group plc. The results of the Company are included in the consolidated financial statements of Volution Group plc which are available from Fleming Way, Crawley, West Sussex, RH10 9YX.

The principal accounting policies adopted by the Company are set out in note 2.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

#### *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for derivative financial instruments which have been recognised at fair value and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'
- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  - paragraph 118(e) of IAS 38 'Intangible Assets';
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements'
- The requirements of IAS 7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 2 Accounting policies (continued)

#### *Basis of preparation (continued)*

- The requirements of paragraph 17 of IAS 24 Related Party Disclosures
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

#### *Going concern*

The principal risks and uncertainties of the Company are managed at a Group level. The Company is dependent upon the continued support of its ultimate parent company, Volution Group plc, as a result of the way that the Group's intra-group funding structure is administered. Therefore, the directors have requested and obtained a letter from the directors of Volution Group plc confirming, in writing, their commitment to continue to support the company until 31 January 2025.

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the directors have considered government policy, and the overall impact on consumer demand as well as the ability of Volution Group plc to provide the required support to the Company. Having made suitable enquiries, the Board has a reasonable expectation that the Group will be able to manage its business risks and to continue in operational existence until 31 January 2025 and has sufficient liquidity and covenant headroom, after consideration of the reasonably possible downside scenarios and stress testing, over this going concern period to prepare the accounts on that basis.

Accordingly, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 to 90 days from delivery.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the buyer, usually on the delivery of the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and volume rebates). In determining the transaction price for the sale of products, the Company considers the effects of variable consideration (if any).

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Revenue from contracts with customers (continued)*

##### Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Company applies the expected value method for contracts with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

##### Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in note 16 Provisions for liabilities.

#### *Contract balances*

##### Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. A contract asset is recognised when the Company transfers goods to the customer before the customer pays consideration. There is no contract asset included within the Statement of Financial Position as revenue is recognised at a point in time. Consideration is recognised immediately as a receivable and is unconditional (only the passage of time is required before payment of consideration is due). The Company's accounting policy on trade receivables is detailed below. There are no contract assets recognised in the comparative period or in the financial year ending 31 July 2023.

##### Contract liabilities

There are no contract liabilities recognised in the comparative period or in the financial year ending 31 July 2023.

#### *Foreign currencies*

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are expressed in GBP rounded to the nearest thousand (£'000), which is also the functional currency of the Company.

In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rate prevailing at the end of the reporting year. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

Non-monetary items that are measured in historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 2 Accounting policies (continued)

#### *Other operating income*

Other operating income relates to government grants which are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

#### *Income taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that the directors consider it is probable that there will be taxable profits from which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

#### *Tangible assets*

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the tangible asset; when significant parts of tangible assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is charged so as to write off the cost or valuation of assets, except freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 2 Accounting policies (continued)

#### Tangible assets (continued)

The following useful lives are used in the calculation of depreciation:

Buildings	-	30 - 50 years
Plant and machinery	-	5 - 10 years
Fixtures, fittings, tools, equipment and motor vehicles	-	4 - 10 years

The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income as part of administrative expenses.

#### Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on cost of a business combination and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

##### Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to reliably measure the expenditure during development.

##### Subsequent measurement of intangible assets

Intangible assets with a definite life are amortised on a straight-line basis over their estimated useful lives as follows:

Development costs	-	10 years
Software costs	-	5 years

The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Impairment of intangible assets

At each reporting date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 2 Accounting policies (continued)

#### *Intangible assets (continued)*

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised in the statement of comprehensive income.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- *Raw materials: purchase cost on a first in, first out basis*
- *Work in progress and finished goods: cost of direct materials and labour and an appropriate portion of fixed and variable overhead expenses based on normal operating capacity but excluding borrowing costs.*

Net realisable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

#### *Trade and other receivables*

Trade and other receivables are recognised when it is probable that a future economic benefit will flow to the Company. Trade and other receivables are carried at original invoice or contract amount less any provisions for discounts and expected credit losses. Provisions are made using the simplified approach in calculating the expected credit loss (ECL), the provision is measured at an amount equal to lifetime ECLs.

#### *Cash at bank and in hand*

Cash at bank and in hand comprise cash at banks and in hand.

#### *Trade and other payables*

Creditors are obliged to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets *within a time frame established by regulation or convention in the marketplace (regular way trades)* are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and trade and other receivables.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

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### 2 Accounting policies (continued)

#### Financial assets (continued)

##### Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Financial liabilities

##### Initial recognition and measurement

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are measured at amortised cost.

##### Subsequent measurement

Financial liabilities measured at amortised cost require the use of the effective interest method with gains or losses recognised in profit or loss when the financial liability is derecognised or through the amortisation process.

##### Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for the expected costs of maintenance guarantees are charged against profits when products have been invoiced.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

The timing of cash outflows are by their nature uncertain and are therefore best estimates. Provisions are not discounted as the time value of money is not considered material.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

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### 2 Accounting policies (continued)

#### *Pensions*

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the year they become payable. The cost charged to the statement of comprehensive income of providing retirement pensions for employees represents the amounts paid by the Company to various defined contribution pension schemes operated by the Group in the financial year.

#### *Dividends*

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### *Leases*

The Company leases a range of assets including property, plant and equipment and vehicles. Leases of property generally have lease terms of up to 20 years, plant and machinery between three and six years, while motor vehicles and other equipment generally have lease terms between two and five years.

Right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest bearing loans and borrowings.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (*continued*)

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### 2 Accounting policies (*continued*)

#### *New standards and interpretations*

FRS 101 issued in January 2022 updates the edition of FRS 101 issued in March 2018 for the following amendments:

- (a) Amendments to Basis for Conclusions FRS 101 Reduced Disclosure Framework – 2017/18 cycle issued in May 2018;
- (b) Amendments to FRS 101 Reduced Disclosure Framework – 2018/19 cycle issued in July 2019;
- (c) Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle issued in May 2020;
- (d) Amendment to FRS 101 Reduced Disclosure Framework – Effective date of IFRS 17 issued in October 2020;
- (e) Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union issued in December 2020;
- (f) Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle issued in May 2021;

The adoption of the Standards listed above does not have any material impact on the Company financial statements.

### 3 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### Judgements

The following are the critical judgements (apart from those involving estimations), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

#### Development costs

Development costs that are directly attributable to the development of a product are capitalised using management's assessment of the likelihood of a successful outcome for each product being released to market, this is based on management's judgement that the product is technologically, commercially and economically feasible in accordance with IAS 38 'Intangible assets'.

Development costs capitalised during the year totalled £nil (2022: £nil) and are shown in note 10.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

#### Estimates and assumptions

In the application of the Company accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Directors have concluded that there are no key judgements or major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Directors have considered a range of potential scenarios arising from the COVID-19 pandemic, how these have impacted the significant judgements, estimates and assumptions in these financial statements.

#### Impairment of goodwill

The Company's impairment test for goodwill is based on a value in use calculation using a discounted cash flow model. The test aims to ensure that goodwill is not carried at a value greater than the recoverable amount, which is considered to be the higher of fair value less costs of disposal and value in use.

The cash flows are derived from the business plan for the following three years. The recoverable amount is very sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

#### Provisions for expected credit losses

Provisions for ECLs are measured at an amount equal to lifetime ECL. For trade receivables the Company applies a simplified approach in calculating ECLs. Trade receivables have been grouped together based on historical credit risk characteristics and the number of days from date of invoice. The expected loss rates are calculated using the provisions matrix approach.

Trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

The total provision against receivables for the period ending 31 July 2023 totalled £16,000 (2022: £14,000) and has been netted against the receivable balance included in note 14.

#### Provisions against inventory

Inventory provisions include obsolescence and write-downs which take into account historical information related to sales trends and stock counts and represent the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The total provision against inventories for the year ended 31 July 2023 totalled £700,000 (2022: £631,000) and have been netted against the inventory balance included in note 13.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 4 Revenue from contracts with customers

	2023 £'000	2022 £'000
Analysis by class of business:		
Sale of goods	<u>29,244</u>	<u>29,366</u>
Analysis of turnover by country of destination:		
United Kingdom	15,591	15,581
Rest of Europe	13,204	13,394
Rest of the world	<u>449</u>	<u>391</u>
	<u>29,244</u>	<u>29,366</u>

### Rights of refund liabilities

	2023 £'000	2022 £'000
Refund liabilities		
Arising from retrospective volume rebates	15	15
Arising from rights of return	<u>12</u>	<u>33</u>
	<u>27</u>	<u>48</u>

### 5 Profit on ordinary activities before taxation

	2023 £'000	2022 £'000
This is arrived at after charging/(crediting):		
Research and development		
- current year's expenditure	686	589
Inventory recognised as an expense	15,921	14,616
Depreciation of tangible assets	591	600
Depreciation of right-of-use assets	166	147
Amortisation of intangible assets	60	58
(Profit) / loss on disposal of tangible assets	<u>(12)</u>	<u>(5)</u>

Fees payable to the Company's auditors of £60,000 (2022: £51,000) for the audit of the Company's annual accounts were borne by a fellow group company.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 6 Employees

	2023 £'000	2022 £'000
Staff costs consist of:		
Wages and salaries	6,400	6,583
Social security costs	593	563
Cost of defined contribution scheme	276	271
	7,269	7,417

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

	2023 Number	2022 Number
Production	200	198
Administration	43	45
	243	243

No remuneration was paid, or is payable, to the directors in their capacity as directors to the Company in the current or previous year.

The directors receive remuneration from a fellow group undertaking, Volution Group plc, in respect of services to the group of which the Company is a member. Total remuneration paid by the enlarged group to directors of the Company (including pension scheme contributions) was £3,807,000 (2022: £3,569,000). It is not possible to identify the proportion of this remuneration that relates to services to the Company.

### 7 Interest payable

	2023 £'000	2022 £'000
<b>Interest payable</b>		
Other charges	20	4
Leases related interest	14	13
	34	17

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (*continued*)

### 8 Taxation on profit on ordinary activities

	2023 £'000	2022 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	788	888
Adjustment in respect of previous years	<u>(103)</u>	<u>(3)</u>
Total current tax	<u>685</u>	<u>885</u>
<i>Deferred tax</i>		
Current year	(74)	(44)
Changes to tax rates	—	4
Adjustment in respect of previous years	<u>136</u>	<u>(11)</u>
	<u>62</u>	<u>(51)</u>
Taxation on profit on ordinary activities	<u>747</u>	<u>834</u>

The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	<u>3,422</u>	<u>4,349</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.00% (2022: 19.00%)	719	826
Effects of:		
Adjustment in respect of previous years	33	1
Expenses not deductible for tax purposes	5	18
Effect of difference in tax rates	<u>(10)</u>	<u>(11)</u>
Total tax charge for year	<u>747</u>	<u>834</u>

On 24 May 2021, legislation was passed which substantively enacted an increase in UK corporation tax rate from 19% to 25% from April 2023. Deferred tax on the balance sheet at 31 July 2023 was therefore measured at 25%.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 9 Dividends

	2023 £'000	2022 £'000
Ordinary shares		
Interim dividends paid of £0.30 (2022: £0.30) per share	<u>1,500</u>	<u>1,488</u>

### 10 Intangible assets

	Goodwill £'000	Development costs £'000	Software costs £'000	Total £'000
<i>Cost</i>				
At 1 August 2022 and at 31 July 2023	<u>4,320</u>	<u>835</u>	<u>112</u>	<u>5,267</u>
<i>Amortisation</i>				
At 1 August 2022	—	335	104	439
Charge for the year	—	56	4	60
At 31 July 2023	<u>—</u>	<u>391</u>	<u>108</u>	<u>499</u>
<i>Net book value</i>				
At 31 July 2023	<u>4,320</u>	<u>444</u>	<u>4</u>	<u>4,768</u>
At 31 July 2022	<u>4,320</u>	<u>500</u>	<u>8</u>	<u>4,828</u>

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 11 Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets and the movements during the year:

Right of use assets	Land and buildings £'000	Fixtures, fittings, tools, equipment and motor vehicles £'000	Total £'000
<i>Cost</i>			
At 1 August 2022	804	111	915
Additions	112	—	112
	<u>916</u>	<u>111</u>	<u>1,027</u>
<i>Depreciation</i>			
At 1 August 2022	330	69	399
Charge for the year	129	37	166
	<u>459</u>	<u>106</u>	<u>565</u>
At 31 July 2023	<u>457</u>	<u>5</u>	<u>462</u>
At 31 July 2022	<u>474</u>	<u>42</u>	<u>516</u>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Lease liabilities	Land and buildings £'000	Fixtures, fittings, tools, equipment and motor vehicles £'000	Total £'000
At 1 August 2022	530	67	597
Additions to lease liabilities	112	—	112
Interest expense	13	1	14
Lease payments	(138)	(56)	(157)
<b>As at 31 July 2023</b>	<u><b>517</b></u>	<u><b>12</b></u>	<u><b>529</b></u>
<i>Analysis</i>			
Current	150	12	162
Non-current	367	—	367
<b>As at 31 July 2023</b>	<u><b>517</b></u>	<u><b>12</b></u>	<u><b>529</b></u>

The following are amounts recognised in the statement of comprehensive income:

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets (cost of sales)	106	77
Depreciation expense of right-of-use assets (administrative expenses)	60	70
Interest expense	14	13

# Torin Sifan Limited

Notes forming part of the financial statements  
for the year ended 31 July 2023 (continued)

## 12 Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools, equipment and motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 August 2022	2,941	4,098	3,104	10,143
Additions	—	398	143	541
Disposals	—	(20)	(37)	(57)
At 31 July 2023	<b>2,941</b>	<b>4,476</b>	<b>3,210</b>	<b>10,627</b>
<i>Depreciation</i>				
At 1 August 2022	1,753	3,006	2,573	7,332
Charge for the year	107	238	246	592
Disposals	—	(20)	(15)	(35)
At 31 July 2023	<b>1,860</b>	<b>3,224</b>	<b>2,804</b>	<b>7,888</b>
<i>Net book value</i>				
At 31 July 2023	<b>1,081</b>	<b>1,252</b>	<b>406</b>	<b>2,739</b>
At 31 July 2022	1,188	1,092	531	2,811

## 13 Inventories

	2023 £'000	2022 £'000
Raw materials and consumables	4,943	4,091
Work in progress (goods to be sold)	1,690	1,447
Finished goods and goods for resale	1,130	755
	<b>7,763</b>	<b>6,293</b>

## 14 Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	3,033	3,986
Amounts owed by group undertakings	561	975
Other receivables	—	64
	<b>3,594</b>	<b>5,025</b>

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 15 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	3,111	4,222
Amounts owed to group undertakings	685	885
Taxation and social security	420	162
Other payables	377	406
	<u>4,593</u>	<u>5,675</u>

### 16 Provisions for liabilities

	Product warranties £'000	Property Dilapidations £'000	Total £'000
At 1 August 2022	154	50	204
Charged to profit or loss	76	—	76
Utilised in year	(97)	—	(97)
	<u>133</u>	<u>50</u>	<u>183</u>
At 31 July 2023	<u>133</u>	<u>50</u>	<u>183</u>
<b>Analysis</b>			
Current	133	—	133
Non-current	—	50	50
	<u>133</u>	<u>50</u>	<u>183</u>

#### Product warranties

A provision is recognised for warranty costs expected to be incurred in the following 12 months on products sold during the year and in prior years. Product warranties typically range between one and two years; however, based on management's knowledge of the products, claims in relation to warranties after more than twelve months are rare and highly immaterial.

#### Property dilapidations

A provision has been recognised for dilapidations relating to obligations under leases for leasehold buildings and will be payable at the end of the lease term, in March 2026.

### 17 Deferred taxation

	1 August 2022 £'000	Prior year adjustment £'000	Charged to income £'000	31 July 2023 £'000
Depreciation charged in advance of capital allowances	339	—	42	381
Leases	(11)	—	11	—
Other temporary differences	15	—	9	24
	<u>343</u>	<u>—</u>	<u>62</u>	<u>405</u>
Deferred tax liability	<u>343</u>	<u>—</u>	<u>62</u>	<u>405</u>

The Company has no unused tax losses or credits.

# Torin Sifan Limited

## Notes forming part of the financial statements for the year ended 31 July 2023 (continued)

### 18 Share capital

	2023 £'000	2022 £'000
<i>Authorised, called up and fully paid</i> 5,000,000 (2022: 5,000,000) ordinary shares of £0.000001 each	—	—

### 19 Commitments and Guarantees

#### Commitments

The Company had commitments of £157,000 (2022: £109,000) at year end relating to the acquisition of tooling and machinery.

#### Guarantees

The Company has provided a guarantee to Volution Group plc for its share of a multicurrency revolving facility of £120 million.

### 20 Related party disclosures

The Company has taken advantage of the exemption available under FRS 101 from the requirements in IAS 24 Related Party Disclosures not to disclose transactions with other wholly owned members of the Volution Group plc group ('the Group'), as 100% of the Company's voting rights are controlled within the Group and Group financial statements in which the Company is included are publicly available.

### 21 Controlling parties

The Company's immediate parent undertaking is Volution Holdings Limited.

The parent undertaking of the largest and smallest group for which consolidated financial statements are drawn up that include the results of the Company is Volution Group plc, a public company incorporated in England and Wales. Copies of the group financial statements of Volution Group plc are available from Fleming Way, Crawley, West Sussex, RH10 9YX.

The directors consider the ultimate parent and controlling party of the Company to be Volution Group plc.