

Torin Sifan Limited

Report and Financial Statements

Year Ended

31 July 2022

Company Number 04569050

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Torin Sifan Limited

Report and financial statements
for the year ended 31 July 2022

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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 2022

The directors of Torin Sifan Limited ('the Company') present their strategic report for the year ended 31 July 2022.

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 £3,515,000 (2021: £2,788,000). The Company's key financial and other performance indicators during the year were as follows:

	2022 £000	2021 £000
Turnover	29,366	26,614
Operating profit	4,366	3,598
EBITDA	5,171	4,325
Average number of employees	243	237

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 2022 (continued)

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 as a result of using financial instruments is as follows:

- **Price risk**
Risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The directors consider this risk to relate to foreign exchange. 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 into 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
20 April 2023

Torin Sifan Limited

Directors' report for the year ended 31 July 2022

The directors of Torin Sifan Limited ('the Company') present their report and financial statements for the year ended 31 July 2022.

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 £1,488,000 (2021: £3,000,000) 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 directors' understanding of, and the Company's exposure to risk as a result of using financial instruments 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 from 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 2022 (*continued*)

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 July 2024.

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 July 2024 and has sufficient liquidity and covenant headroom, after consideration of the reasonably possible downside scenarios, 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
20 April 2023

Torin Sifan Limited

Directors' responsibilities statement for the year ended 31 July 2022

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 2022

	Note	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Revenue from contracts with customers	4	29,366	26,614
Cost of sales		(21,849)	(20,003)
Gross profit		7,517	6,611
Administration and distribution expenses		(3,151)	(3,013)
Operating profit	5	4,366	3,598
Interest payable	7	(17)	(16)
Profit on ordinary activities before tax		4,349	3,582
Taxation on profit on ordinary activities	8	(834)	(794)
Profit for the financial year		3,515	2,788
Other comprehensive income		—	—
Total comprehensive income		3,515	2,788

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

The notes on pages 10 to 26 form part of these financial statements.

Torin Sifan Limited

Statement of financial position at 31 July 2022

Company number 04569050					
	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Intangible assets	10		4,828		4,880
Right-of-use assets	11		516		622
Tangible assets	12		2,811		2,749
			<u>8,155</u>		<u>8,251</u>
Current assets					
Inventories	13	6,293		4,858	
Trade and other receivables	14	5,025		3,507	
Prepayments		99		71	
Cash at bank and in hand		934		1,873	
		<u>12,351</u>		<u>10,309</u>	
Current liabilities					
Trade and other payables	15	(5,675)		(5,693)	
Refund liabilities	4	(48)		(25)	
Current lease liabilities	11	(131)		(129)	
Provisions for liabilities	16	(154)		(101)	
		<u>(6,008)</u>		<u>(5,948)</u>	
Net current assets			<u>6,343</u>		<u>4,361</u>
Total assets less current liabilities			<u>14,498</u>		<u>12,612</u>
Non-current liabilities					
Provisions for liabilities	16		(50)		(50)
Non-current lease liabilities	11		(466)		(556)
Deferred tax	17		(343)		(394)
Net assets			<u>13,639</u>		<u>11,612</u>
Capital and reserves					
Called up share capital	18		—		—
Share based payment reserve			19		19
Profit and loss account			13,620		11,593
Equity attributable to owners of the parent company			<u>13,639</u>		<u>11,612</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2023.

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 26 form part of these financial statements.

Torin Sifan Limited

Statement of changes in equity at 31 July 2022

	Share capital £'000	Share based payment reserve £'000	Profit and loss account £'000	Total equity £'000
1 August 2020	—	19	11,805	11,824
Profit for the year	—	—	2,788	2,788
Dividends	—	—	(3,000)	(3,000)
1 August 2021	—	19	11,593	11,612
Profit for the year	—	—	3,515	3,515
Dividends	—	—	(1,488)	(1,488)
31 July 2022	—	19	13,620	13,639

The notes on pages 10 to 26 form part of these financial statements.

Torin Sifan Limited

Notes forming part of the financial statements for the year ended 31 July 2022

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 2022. 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 20 April 2023 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 2022 (*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 July 2024.

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 July 2024 and has sufficient liquidity and covenant headroom, after consideration of the reasonably possible downside scenarios, 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 2022 *(continued)*

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.

Contract liabilities

There are no contract liabilities recognised in the comparative period or in the financial year ending 31 July 2022.

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 2022 (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 2022 (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 2022 (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 2022 *(continued)*

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 2022 (continued)

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

Dividends are recognised when they meet the criteria for recognition as a liability. In relation to final dividends, this is when the dividend is approved by the directors in the general meeting, and in relation to interim dividends, when paid.

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 2022 (continued)

2 Accounting policies (continued)

New standards and interpretations

New standards effective for accounting periods beginning 1 January 2021 were adopted by the Company on 1 August 2021. The new standards did not have material impact to the Financial Statements.

Other new standards or interpretations in issue, but not yet effective, are not expected to have a material impact on the Company's net assets or results.

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 (2021: £nil) and are shown in note 10.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. 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.

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.

Torin Sifan Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (continued)

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

Provisions for expected credit losses (continued)

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 2022 totalled £14,000 (2021: £12,000) 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 2022 totalled £631,000 (2021: £695,000) and have been netted against the inventory balance included in note 13.

4 Revenue from contracts with customers

	2022 £'000	2021 £'000
Analysis by class of business:		
Sale of goods	<u>29,366</u>	<u>26,614</u>
Analysis of turnover by country of destination:		
United Kingdom	15,581	13,653
Rest of Europe	13,394	12,655
Rest of the world	<u>391</u>	<u>306</u>
	<u>29,366</u>	<u>26,614</u>
Rights of refund liabilities		
	2022 £'000	2021 £'000
Refund liabilities		
Arising from retrospective volume rebates	15	12
Arising from rights of return	<u>33</u>	<u>13</u>
	<u>48</u>	<u>25</u>

Torin Sifan Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (continued)

5 Profit on ordinary activities before taxation	2022 £'000	2021 £'000
<i>This is arrived at after charging/(crediting):</i>		
Research and development		
- current year's expenditure	589	564
Inventory recognised as an expense	14,616	13,352
Depreciation of tangible assets	600	541
Depreciation of right-of-use assets	147	126
Amortisation of intangible assets	58	60
(Profit) / loss on disposal of tangible assets	(5)	(13)
	7,417	6,965

Fees payable to the Company's auditors of £51,000 (2021: £51,000) for the audit of the Company's annual accounts were borne by a fellow group company.

6 Employees

Staff costs consist of:	2022 £'000	2021 £'000
Wages and salaries	6,583	6,173
Social security costs	563	521
Cost of defined contribution scheme	271	271
	7,417	6,965

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

	2022 Number	2021 Number
Production	198	194
Administration	45	43
	243	237

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 £3,569,000 (2021: £3,046,000). It is not possible to identify the proportion of this remuneration that relates to services to the Company.

7 Interest payable

Interest payable	2022 £'000	2021 £'000
Other charges	4	2
IFRS 16 related interest	13	14
Total interest payable	17	16

Torin Sifan Limited

Notes forming part of the financial statements for the year ended 31 July 2022 (continued)

8 Taxation on profit on ordinary activities

	2022 £'000	2021 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	888	660
Adjustment in respect of previous years	(3)	1
Total current tax	885	661
<i>Deferred tax</i>		
Current year	(44)	37
Changes to tax rates	4	94
Adjustment in respect of previous years	(11)	2
	(51)	133
Taxation on profit on ordinary activities	834	794

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	4,349	3,582
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	826	681
Effects of:		
Adjustment in respect of previous years	1	3
Income not subject to taxation	—	(2)
Expenses not deductible for tax purposes	18	18
Effect of difference in tax rates	(11)	94
Total tax charge for year	834	794

The rate of tax in the UK is currently 19%. In his Budget speech on 4 March 2021, the Chancellor announced an increase in the main UK corporation tax rate to 25% from 1 April 2023. The change in the rate to 25% was substantively enacted in the Finance Bill 2021 on 24 May 2021; UK deferred tax assets and liabilities that are expected to reverse after 1 April 2023 have been calculated at 25% and those expected to be utilised before at 19%.

9 Dividends

	2022 £'000	2021 £'000
Ordinary shares		
Interim dividends paid of £0.30 (2021: £0.60) per share	1,488	3,000

Torin Sifan Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

10 Intangible assets

	Goodwill £'000	Development costs £'000	Software costs £'000	Total £'000
<i>Cost</i>				
At 1 August 2021	4,320	835	156	5,311
Additions	—	—	7	7
Disposals	—	—	(51)	(51)
At 31 July 2022	<u>4,320</u>	<u>835</u>	<u>112</u>	<u>5,267</u>
<i>Amortisation</i>				
At 1 August 2021	—	279	152	431
Charge for the year	—	56	3	59
Disposals	—	—	(51)	(51)
At 31 July 2022	<u>—</u>	<u>335</u>	<u>104</u>	<u>439</u>
<i>Net book value</i>				
At 31 July 2022	<u>4,320</u>	<u>500</u>	<u>8</u>	<u>4,828</u>
At 31 July 2021	<u>4,320</u>	<u>556</u>	<u>4</u>	<u>4,880</u>

Torin Sifan Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (*continued*)

11 Right of use assets

	Land and buildings £'000	Fixtures, fittings, tools, equipment and motor vehicles £'000	Total £'000
<i>Cost</i>			
At 1 August 2021	804	70	874
Additions	—	41	41
At 31 July 2022	804	111	915
<i>Depreciation</i>			
At 1 August 2021	220	32	252
Charge for the year	110	37	147
At 31 July 2022	330	69	399
<i>Net book value</i>			
At 31 July 2022	474	42	516
At 31 July 2021	584	38	622

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 2021	642	43	685
Additions to lease liabilities	—	41	41
Interest expense	11	2	13
Lease payments	(123)	(19)	(142)
As at 31 July 2022	530	67	597
<i>Analysis</i>			
Current	114	17	131
Non-current	416	50	466
As at 31 July 2022	530	67	597

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

	2022 £'000	2021 £'000
Depreciation expense of right-of-use assets (cost of sales)	77	77
Depreciation expense of right-of-use assets (administrative expenses)	70	49
Interest expense	13	14

Torin Sifan Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 *(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 2021	2,938	3,650	2,994	9,582
Additions	3	450	212	665
Disposals	—	(2)	(102)	(104)
At 31 July 2022	2,941	4,098	3,104	10,143
<i>Depreciation</i>				
At 1 August 2021	1,646	2,794	2,393	6,833
Charge for the year	107	214	279	600
Disposals	—	(2)	(99)	(101)
At 31 July 2022	1,753	3,006	2,573	7,332
<i>Net book value</i>				
At 31 July 2022	1,188	1,092	531	2,811
At 31 July 2021	1,292	856	601	2,749

13 Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	4,091	3,389
Work in progress (goods to be sold)	1,447	912
Finished goods and goods for resale	755	557
	6,293	4,858

14 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	3,986	3,239
Amounts owed by group undertakings	975	118
Other receivables	64	150
	5,025	3,507

Torin Sifan Limited

Notes forming part of the financial statements
for the year ended 31 July 2022 (continued)

15 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	4,222	4,343
Amounts owed to group undertakings	885	661
Taxation and social security	162	141
Other payables	406	548
	5,675	5,693

16 Provisions for liabilities

	Product warranties £'000	Property Dilapidations £'000	Total £'000
At 1 August 2021	101	50	151
Charged to profit or loss	114	—	114
Utilised in year	(61)	—	(61)
	154	50	204
Analysis			
Current	154	—	154
Non-current	—	50	50
	154	50	204

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

	31 July 2021 £'000	Prior year adjustment £'000	Charged / (credited) to income £'000	31 July 2022 £'000
Depreciation charged in advance of capital allowances	391	3	(55)	339
IFRS 16	(11)	—	—	(11)
Other temporary differences	14	1	—	15
	394	4	(55)	343

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 2022 (continued)

18 Share capital

	2022 £'000	2021 £'000
<i>Authorised, called up and fully paid</i> 5,000,000 (2021: 5,000,000) ordinary shares of £0.000001 each	<u>—</u>	<u>—</u>

19 Commitments and Guarantees

Commitments

The Company had commitments of £109,000 (2021: £140,000) 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.