

2197755

# **Manrose Manufacturing Limited**

## **Report and Financial Statements**

31 July 2008

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COMPANIES HOUSE

# Manrose Manufacturing Limited

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Registered No. 2197755

## **Directors**

S J Diamond  
L F Rutter  
K Sargeant

## **Secretary**

S J Diamond

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Registered Office**

Fleming Way  
Crawley  
West Sussex RH10 9YX

## Directors' report

The directors present their report together with the financial statements for the year ended 31 July 2008.

### Results and dividends

The profit for the year was £1,679,000 (2007, 13 months – profit £939,000).

During the year, a dividend of £2,000,000 was declared and paid (2007 – £ nil). The directors do not recommend the payment of a further dividend.

### Principal activity and review of the business

The principal activity of the Company is the design, manufacture and distribution of ventilation equipment.

Turnover for the year at £18,975,000 was 7.5% above the corresponding prior year twelve month period, continuing the strategic improvement in U.K. unitary fan and ducting product sales reported last year.

The operating profit improved due to both the increase in sales revenues and a series of direct cost initiatives.

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

### Research and development

The Company carries out research and development programmes to suit its particular market and product needs, offering customers application specific solutions to their air movement and gas boiler requirements.

### Directors

The directors who served during the period were as follows:

C E Britton	- resigned 13 November 2007
S J Diamond	
C Gibbs	- resigned 13 November 2007
S Kowalski	- resigned 13 November 2007
M Kowalski	- resigned 13 November 2007
L F Rutter	
K Sargeant	

### Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to include both the general economic outlook for the U.K. public and private construction sectors which impacts demand for the Company's products and fluctuations in exchange rates of sterling to other major currencies which impacts both the revenue stream and cost of some of the Company's products. Given these risks the Company benchmarks key direct and indirect expenditure and reviews its organisational structure on a regular basis.

### Disclosure of information to the auditors

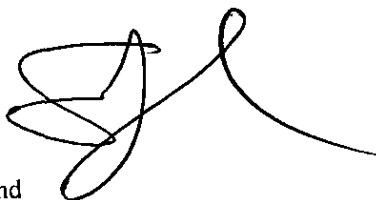
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's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

## Directors' report

### Auditors

F A Magee & Co resigned as auditors on 7 January 2008 and the Board appointed Ernst & Young LLP as auditors on 1 February 2008. A resolution to reappoint Ernst & Young LLP will be put to the members at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, consisting of a stylized 'S' followed by a long horizontal stroke.

S J Diamond  
Finance Director  
3 November 2008

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Independent auditors' report**

## **to the members of Manrose Manufacturing Limited**

We have audited the Company's financial statements for the year ended 31 July 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Independent auditors' report

to the members of Manrose Manufacturing Limited

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 July 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*6 November 2008*

## Profit and loss account

for the year ended 31 July 2008

		2008	13 months to 31 July 2007
	Notes	£000	£000 <i>Restated</i>
<b>Turnover</b>	2	18,975	19,089
Cost of sales		(12,292)	(13,527)
<b>Gross profit</b>		6,683	5,562
Operating expenses	3	(4,271)	(4,199)
<b>Operating profit</b>	4	2,412	1,363
Interest receivable	8	20	30
Interest payable	9	—	(149)
<b>Profit on ordinary activities before tax</b>		2,432	1,244
Tax on profit on ordinary activities	10	(753)	(305)
<b>Profit for the year</b>	20	1,679	939

## Statement of total recognised gains and losses

for the year ended 31 July 2008

There are no recognised gains and losses other than those disclosed in the profit and loss account above.

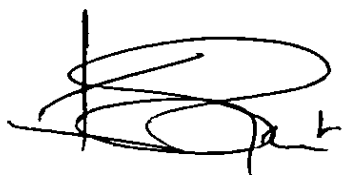


## Balance sheet

at 31 July 2008

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible assets	11	1,439	1,128
Investment in subsidiaries	12	—	—
		<u>1,439</u>	<u>1,128</u>
<b>Current assets</b>			
Stocks	13	1,292	1,231
Debtors	14	3,809	4,506
Cash		1,655	980
		<u>6,756</u>	<u>6,717</u>
<b>Creditors:</b> amounts falling due within one year	15	(3,458)	(3,337)
		<u>3,298</u>	<u>3,380</u>
<b>Net current assets</b>			
		<u>4,737</u>	<u>4,508</u>
<b>Total assets less current liabilities</b>			
Provisions for liabilities and charges	16	(550)	—
		<u>4,187</u>	<u>4,508</u>
<b>Net assets</b>			
		<u><u>4,187</u></u>	<u><u>4,508</u></u>
<b>Capital and reserves</b>			
Called up equity share capital	19	10	10
Profit and loss account	20	4,177	4,498
		<u>4,187</u>	<u>4,508</u>
<b>Shareholders' funds</b>	20	<u><u>4,187</u></u>	<u><u>4,508</u></u>

Approved by the Board on 3 November 2008 and signed on its behalf by:



K Sargeant  
Director



S J Diamond  
Director

## Notes to the financial statements

at 31 July 2008

### 1. Accounting policies

#### *Basis of preparation*

The financial statements of Manrose Manufacturing Limited were approved for issue by the Board of Directors on 3 November 2008.

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

The Company is exempt from the requirement to prepare group financial statements by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking.

In preparing the financial statements for the current year, the company has amended the allocation of rebates and sales discounts. In 2007, turnover included £2,212,000 of rebates and admin expenses included sales discount of £13,000 that should have been included within cost of sales. Accordingly the 2007 turnover has been increased by £2,212,000, admin expenses have been reduced by £13,000 and cost of sales have been increased by £2,225,000. The profit for the year in 2007 was unaffected and therefore there was no impact on reserves at 31 July 2007.

#### *Statement of cash flows*

A statement of cash flows has not been prepared as the Company is a wholly owned subsidiary of a parent which prepares consolidated financial statements available to the public.

#### *Depreciation*

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

Leasehold buildings	—	over length of lease
Plant and machinery	—	3 to 10 years
Fixtures, fittings, tools, equipment and vehicles	—	5 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable.

#### *Investments*

Investments are included in the balance sheet at cost less amounts written off.

The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable.

#### *Research and development*

Research and development expenditure, other than that re-chargeable to third parties, is written off as incurred.

#### *Stocks and work in progress*

Stocks and work in progress are valued at the lower of cost and net realisable value.

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

## Notes to the financial statements

at 31 July 2008

### 1. Accounting policies (continued)

#### *Deferred taxation*

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

- Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences arising in the ordinary course of business are included in the profit and loss account.

#### *Pension costs*

The cost of providing defined contribution retirement pensions for employees charged in the profit and loss account represents the amounts payable by the Company for the financial year.

#### *Lease commitments*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Provision is made for the cost of reinstatement work on leased properties where there is an obligation under the lease, and the costs can be reasonably estimated.

### 2. Turnover

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

	<i>13 months to 31 July</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
		<i>Restated</i>
UK	16,317	16,118
Overseas	2,658	2,971
	<u>18,975</u>	<u>19,089</u>

## Notes to the financial statements

at 31 July 2008

### 3. Operating expenses

	<i>13 months to 31 July</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
		<i>Restated</i>
Distribution costs	2,380	2,663
Administrative expenses	1,891	1,536
	<u>4,271</u>	<u>4,199</u>

### 4. Operating profit

This is stated after charging:

	<i>13 months to 31 July</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Depreciation of tangible fixed assets	491	562
Hire of plant and machinery	2	7
Operating lease rentals - land and buildings	505	351
- plant and machinery	7	1
Auditors' remuneration - audit services	25	15
Research and development expenditure	109	132
	<u>1,139</u>	<u>1,078</u>

### 5. Directors' emoluments

No emoluments were paid or are payable to the directors in their capacity as directors of the Company. The directors are also directors of the group's parent undertaking, Volution Group Limited and receive emoluments from that company in respect of services to the group headed by that company. It is not possible to identify the proportion of these emoluments that relate to services to this company.

### 6. Staff costs

	<i>13 months to 31 July</i>	
	<i>2008</i>	<i>2007</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	3,747	4,305
Social security costs	328	396
Other pension costs	29	76
	<u>4,104</u>	<u>4,777</u>

## Notes to the financial statements

at 31 July 2008

### 6. Staff costs (continued)

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

	2008 No.	2007 No.
Production	165	193
Sales and administration	63	34
	<u>228</u>	<u>227</u>

### 7. Pensions

The Company's employees who have elected to receive pension benefits are members of a defined contribution pension scheme operated by the Company, contribution rates paid are fixed dependent upon the member's age and length of service.

### 8. Interest receivable

	2008 £000	13 months to 31 July 2007 £000
Bank interest receivable	<u>20</u>	<u>30</u>

### 9. Interest payable and similar charges

	2008 £000	13 months to 31 July 2007 £000
Bank loan interest	—	78
Factoring charges	—	58
Other interest payable	—	13
	<u>—</u>	<u>149</u>

## Notes to the financial statements

at 31 July 2008

### 10. Tax

(a) Analysis of charge in year

	2007 £000	2006 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	598	267
Adjustments in respect of prior periods	35	(1)
Total current tax (note 10(b))	633	266
<i>Deferred tax:</i>		
Origination and reversal of timing differences	120	39
Total deferred tax (note 10(c))	120	39
Total tax charge for the year (note 10(b))	753	305

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 29.33% (2007 – 30%) The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	2,432	1,244
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.33% (2007 – 30%)	713	373
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	39
Capital allowances in arrears of depreciation	41	17
Other timing differences	(167)	(162)
Adjustments in respect of prior periods	35	(1)
Current tax charge for the year (note 10(a))	633	266
(c) Deferred tax asset		
At 31 July 2007 and 2006	(173)	(212)
Deferred tax charge in profit and loss account	120	39
At 31 July 2008 and 2007	(53)	(173)
Consisting of:		
Depreciation in advance of capital allowances	(42)	(11)
Other timing differences	(11)	(162)
Deferred tax asset (note 14)	(53)	(173)

## Notes to the financial statements

at 31 July 2008

### 11. Tangible fixed assets

	<i>Leasehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, tools, equipment and vehicles £000</i>	<i>Total £000</i>
Cost:				
At 31 July 2007	11	4,674	324	5,009
Additions	550	229	27	806
Disposals	—	—	(17)	(17)
At 31 July 2008	561	4,903	334	5,798
Depreciation:				
At 31 July 2007	(3)	(3,699)	(179)	(3,881)
Charge for the year	(37)	(415)	(39)	(491)
Disposals	—	—	13	13
At 31 July 2008	(40)	(4,114)	(205)	(4,359)
Net book value:				
At 31 July 2008	521	789	129	1,439
At 31 July 2007	8	975	145	1,128

### 12. Investment in subsidiary undertakings

Cost:	£
At 31 July 2008 and 31 July 2007	100

Investments represent interests in the following subsidiary companies:

<i>Company</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Willow Plastics Limited	100%	Dormant

## Notes to the financial statements

at 31 July 2008

### 13. Stocks

	2008	2007
	£000	£000
Raw materials and consumables	935	747
Finished goods and goods for resale	357	484
	<u>1,292</u>	<u>1,231</u>

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

### 14. Debtors

	2008	2007
	£000	£000
Trade debtors	3,483	4,101
Amounts owed by other group undertakings	—	9
Prepayments and accrued income	273	223
Deferred tax (note 10(c))	53	173
	<u>3,809</u>	<u>4,506</u>

### 15. Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Trade creditors	1,247	1,420
Amounts owed to group undertakings	640	—
Other creditors	1,267	1,223
Taxes and social security	304	694
	<u>3,458</u>	<u>3,337</u>

### 16. Provisions for liabilities

	<i>Dilapidations</i>
	£000
At 31 July 2007	—
Capitalised	550
Utilised	—
	<u>550</u>
At 31 July 2008	<u>550</u>

A provision has been recognised for dilapidations relating to obligations under a lease for a leasehold building which will be payable at the end of the lease term.



## Notes to the financial statements

at 31 July 2008

### 17. Capital commitments

	2008 £000	2007 £000
Amounts contracted	33	33

### 18. Obligations under operating leases

At 31 July 2008, the company had annual commitments as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	2008 £000	2007 £000	2008 £000	2007 £000
Leases expiring:				
Within one year	—	—	—	1
Within two to five years	—	—	8	—
After 5 years	505	505	—	—
	<u>505</u>	<u>505</u>	<u>8</u>	<u>1</u>

### 19. Authorised and issued share capital

	2008 £000	2007 £000
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>
	2008 £000	2007 £000
<i>Allotted, called-up and fully paid</i>		
10,000 ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

### 20. Reconciliation of shareholders' funds and movement on reserves

	<i>Ordinary share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' fund £000</i>
At 30 June 2006	10	3,559	3,569
Profit for the period	—	939	939
At 31 July 2007	<u>10</u>	<u>4,498</u>	<u>4,508</u>
Profit for the year	—	1,679	1,679
Dividends paid	—	(2,000)	(2,000)
At 31 July 2008	<u>10</u>	<u>4,177</u>	<u>4,187</u>

## Notes to the financial statements

at 31 July 2008

### 21. Contingent liabilities

The company guarantees bank loans of £86,262,000 (2007 – £86,395,000) held by Darwin Mezzanine Limited with Royal Bank of Scotland plc on a joint and several basis with other group undertakings. The company also acts as a chargor for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets.

### 22. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Volution Group Limited group, as over 90% of voting rights are controlled within the group and group financial statements in which the company is consolidated are publicly available.

### 23. Parent undertaking and controlling party

The Company's immediate parent undertaking is Darwin Mezzanine Limited. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Volution Group Limited. Copies of the consolidated financial statements of Volution Group Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX.

The ultimate parent undertaking is the ABN AMRO Capital UK Buy Out Fund, which is a limited partnership fund registered in England and Wales.

The majority investor in this fund is AAV NEBO BV, which until November 2007 was ultimately owned by ABN AMRO Holding NV, incorporated in the Netherlands.

AAV NEBO BV is now ultimately owned by RFS Holdings BV, incorporated in the Netherlands.

The financial statements of Volution Group are not consolidated into the accounts of any other entity.