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Manrose Manufacturing Limited

Report and Financial Statements

31 July 2009

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COMPANIES HOUSE

Manrose Manufacturing Limited

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 2009.

Results and dividends

The profit for the year was £1,630,000 (2008-profit £1,679,000).

During the year, a dividend of £2,000,000 was declared and paid (2008 – £2,000,000). 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.

The Company's key financial and other performance indicators during the year were as follows:

	2009	2008	Change
	£'000	£'000	%
Turnover	17,421	18,975	-8.2%
Profit Before Tax	2,277	2,432	-6.4%
Average Number of Employees	196	228	-14.0%

As a direct result of the global economic downturn demand fell in the UK construction sector and adversely impacted demand for the Company residential products.

During the year the Company focused on initiatives to improve margins and reduce indirect costs against the background of lower activity and as a result Operating Profit margins were maintained.

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, product and customer needs..

Directors

The directors who served during the period were as follows:

S J Diamond
L F Rutter
K Sargeant

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the group to include both the general economic outlook for the U.K. public and private construction sectors which impacts demand for the group'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 group's products.

Directors' report

Going concern

The directors confirm, after making appropriate enquiries, they have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors' responsibilities are set out on page 4 and should be read in conjunction with this statement.

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.

Auditors

Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



S J Diamond
Finance Director
6 November 2009

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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 .

Independent auditors' report

to the members of Manrose Manufacturing Limited

We have audited the financial statements of Manrose Manufacturing Limited for the year ended 31 July 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Manróse Manufacturing Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Julie Carlyle (Senior statutory auditor)

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

London

Date 6 November 2009.

Profit and loss account

for the year ended 31 July 2009

	Notes	2009 £000	2008 £000
Turnover	2	16,421	18,975
Cost of sales		(10,807)	(12,292)
Gross profit		5,614	6,683
Operating expenses	3	(3,339)	(4,271)
Operating profit	4	2,275	2,412
Interest receivable	8	2	20
Profit on ordinary activities before tax		2,277	2,432
Tax on profit on ordinary activities	9	(647)	(753)
Profit for the year	19	1,630	1,679

Statement of total recognised gains and losses

for the year ended 31 July 2009


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

Balance sheet

at 31 July 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	10	1,137	1,439
Investment in subsidiaries	11	-	-
		<u>1,137</u>	<u>1,439</u>
Current assets			
Stocks	12	1,030	1,292
Debtors	13	3,619	3,809
Cash		1,709	1,655
		<u>6,358</u>	<u>6,756</u>
Creditors: amounts falling due within one year	14	(3,128)	(3,458)
		<u>3,230</u>	<u>3,298</u>
Net current assets			
Total assets less current liabilities		<u>4,367</u>	<u>4,737</u>
Provisions for liabilities and charges	15	(550)	(550)
		<u>3,817</u>	<u>4,187</u>
Net assets			
Capital and reserves			
Called up equity share capital	18	10	10
Profit and loss account	19	3,807	4,177
		<u>3,817</u>	<u>4,187</u>
Shareholders' funds	19		

Approved by the Board on 6 November 2009 and signed on its behalf by:



K Sargeant
Director



S J Diamond
Director

Notes to the financial statements

at 31 July 2009

1. Accounting policies

Basis of preparation

The financial statements of Manrose Manufacturing Limited were approved for issue by the Board of Directors on 6 November 2009.

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 400(4) of Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking.

Statement of cash flows

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that the ultimate parent undertaking includes the company in its own publicly available consolidated financial statements.

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 2009

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.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

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:

	2009 £000	2008 £000
UK	14,486	16,317
Overseas	1,935	2,658
	<u>16,421</u>	<u>18,975</u>

Notes to the financial statements

at 31 July 2009

3. Operating expenses

	2009 £000	2008 £000
Distribution costs	1,978	2,380
Administrative expenses	1,361	1,891
	<u>3,339</u>	<u>4,271</u>

4. Operating profit

This is stated after charging:

	2008 £000	2007 £000
Depreciation of tangible fixed assets	365	491
Hire of plant and machinery	-	2
Operating lease rentals - land and buildings	505	505
- plant and machinery	9	7
Auditors' remuneration - audit services	16	25
Research and development expenditure	83	109
	<u>878</u>	<u>1,139</u>

5. Directors' emoluments

No emoluments were paid or are payable to the directors in their capacity as directors of the Company (2008 – Nil). 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.

6. Staff costs

	2009 £000	2008 £000
Wages and salaries	3,380	3,747
Social security costs	307	328
Other pension costs	30	29
	<u>3,717</u>	<u>4,104</u>

Notes to the financial statements

at 31 July 2009

6. Staff costs (continued)

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

	<i>2009</i> <i>No.</i>	<i>2008</i> <i>No.</i>
Production	131	165
Sales and administration	65	63
	<u>196</u>	<u>228</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

	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Bank interest receivable	<u>2</u>	<u>20</u>

Notes to the financial statements

at 31 July 2009

9. Tax

(a) Analysis of charge in year

	2009 £000	2008 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	671	598
Adjustments in respect of prior periods	(5)	35
Total current tax (note 9(b))	666	633
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(19)	120
Total deferred tax (note 9(c))	(19)	120
Total tax charge for the year (note 9(b))	647	753

(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 28% (2008 – 29.33%). The differences are explained below:

	2009 £000	2008 £000
Profit on ordinary activities before tax	2,277	2,432
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 29.33%)	637	713
<i>Effects of:</i>		
Expenses not deductible for tax purposes	4	11
Capital allowances in arrears of depreciation	30	41
Other timing differences	-	(167)
Adjustments in respect of prior periods	(5)	35
Current tax charge for the year (note 9(a))	666	633
(c) Deferred tax asset		
At 31 July 2009 and 2008	(53)	(173)
Deferred tax charge in profit and loss account	(19)	120
At 31 July 2009 and 2008	(72)	(53)
Consisting of:		
Depreciation in advance of capital allowances	(72)	(42)
Other timing differences	-	(11)
Deferred tax asset (note 13)	(72)	(53)

Notes to the financial statements

at 31 July 2009

10. 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 2008	561	4,903	334	5,798
Additions	-	49	17	66
Disposals	-	(575)	(41)	(616)
At 31 July 2009	561	4,377	310	5,248
Depreciation:				
At 31 July 2008	(40)	(4,114)	(205)	(4,359)
Charge for the year	(38)	(291)	(36)	(365)
Disposals	-	574	39	613
At 31 July 2009	(78)	(3,831)	(202)	(4,111)
Net book value:				
At 31 July 2009	483	546	108	1,137
At 31 July 2008	521	789	129	1,439

11. Investment in subsidiary undertakings

Cost:	£
At 31 July 2009 and 31 July 2008	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 2009

12. Stocks

	2009	2008
	£000	£000
Raw materials and consumables	490	935
Finished goods and goods for resale	540	357
	<u>1,030</u>	<u>1,292</u>

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

13. Debtors

	2009	2008
	£000	£000
Trade debtors	3,265	3,483
Amounts owed by other group undertakings	117	-
Prepayments and accrued income	165	273
Deferred tax (note 9(c))	72	53
	<u>3,619</u>	<u>3,809</u>

14. Creditors: amounts falling due within one year

	2009	2008
	£000	£000
Trade creditors	972	1,247
Amounts owed to group undertakings	666	640
Other creditors	1,194	1,267
Taxes and social security	296	304
	<u>3,128</u>	<u>3,458</u>

15. Provisions for liabilities

	<i>Dilapidations</i>
	£000
At 31 July 2009 & 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 2009

16. Capital commitments

	2009 £000	2008 £000
Amounts contracted	7	33

17. Obligations under operating leases

At 31 July 2009, the company had annual commitments as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	2009 £000	2008 £000	2009 £000	2008 £000
Leases expiring:				
Within one year	-	-	-	-
Within two to five years	-	-	4	8
After 5 years	505	505	4	-
	505	505	8	8

18. Authorised and issued share capital

	2009 £000	2008 £000
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50	50
	2009 £000	2008 £000
<i>Allotted, called-up and fully paid</i>		
10,000 ordinary shares of £1 each	10	10

19. 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 2007	10	4,498	4,508
Profit for the year	-	1,679	1,679
Dividends paid	-	(2,000)	(2,000)
At 31 July 2008	10	4,177	4,187
Profit for the year	-	1,630	1,630
Dividends paid	-	(2,000)	(2,000)
At 31 July 2009	10	3,807	3,817

Notes to the financial statements

at 31 July 2009

20. Contingent liabilities

The company guarantees bank loans of £69,618,000 (2008 – £86,262,000) 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.

21. 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 100% of voting rights are controlled within the group and group financial statements in which the company is consolidated are publicly available.

22. 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 Group's immediate parent undertaking is AAC UK Buy Out Fund LP which is a limited partnership fund registered in England. The majority investor in this fund is AAC Capital NEBO Fund I LP which is a limited partnership registered in Scotland.

AAC Capital Partners (Guernsey) Limited (the general partner of AAC UK Buy Out Fund LP) is regarded as the direct controlling party of the company and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the company.

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