

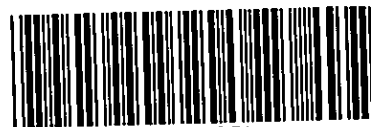
Registered No. 3056154

NORTEK (UK) LIMITED

Annual Report and Accounts

for the year ended 31 December 2011

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COMPANIES HOUSE

NORTEK (UK) LIMITED

Directors and advisers

Executive directors

A C Hall

E J Cooney

Registered auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Secretary and registered office

K W Donnelly

C/o 10 Norwich Street

London

EC4A 1BD

Bankers

Bank of Scotland

London Chief Office

38 Threadneedle Street

London

EC2P 2EH

Solicitors

MacFarlanes

10 Norwich Street

London

EC4A 1BD

NORTEK (UK) LIMITED

Directors' Report

For the year ended 31 December 2011

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 31 December 2011

Principal Activities

The principal activity of the Company is the ownership of its operating subsidiaries, which are engaged in the manufacture, marketing and distribution of cooker hoods, motors, electrical transformers, plastic materials and dies, the design, manufacture, sale, installation and service of air conditioning, air handling, heating and humidification equipment and, prior to the Company's Imerge Limited subsidiary ceasing trading effective in July 2010, the creation and exploitation of audio and video-based products and systems, multi-media networks and ancillary services. The Company's registered number is 3056154.

Business review and future prospects

The results for the period are set out in the profit and loss account on page 7. The directors expect the present level of activity, excluding the provision for impairment losses on investments, will be sustained for the foreseeable future.

Results and Dividends

The Company loss for the year after taxation was £27,923,000 (2010 - £14,289,000)

No cash dividend has been or is proposed in respect of the results for the year (2010 - £nil)

Directors

The directors of the Company who served throughout the year and subsequently are as follows

Director

Almon C Hall

Edward J Cooney

Directors' qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Charitable and political contributions

There were no donations to charitable or political organisations during the year (2010 - nil)

NORTEK (UK) LIMITED

Directors' Report (continued)

For the year ended 31 December 2011

Subsequent events

From 1 January 2012 through 25 August 2012, Nortek Holding B V , the Company's parent, reinforced the equity position of the Company with a series of capital contributions totalling approximately £3.5 million. The Company used the proceeds to contribute capital of approximately £3.5 million to Best S p A ("Best")

An indirect wholly owned subsidiary of Nortek, Broan-NuTone LLC ("Broan"), entered into an agreement with Best on 8 June 2012 to purchase the intellectual property of Best, effective 1 July 2012 for approximately £7.3 million (US \$11.6 million) (collectively, the 'Best IP Agreement'). In connection with the Best IP Agreement, Broan paid a deposit to Best in March 2012 of approximately £3.1 million (US \$5.0 million), which will be applied to the total purchase price, and an instalment of approximately £1.3 million (US \$2.1 million) in July 2012. The remaining approximately £2.9 million (US \$4.5 million) will be paid by 31 December 2012.

Directors' Responsibilities

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable laws 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NORTEK (UK) LIMITED

Directors' Report (continued)

For the year ended 31 December 2011

Going Concern

Nortek, Inc ("Nortek"), a company incorporated in the United States of America, whose consolidated accounts include the results of the Company and are available to the public, has confirmed its intention to provide continuing financial support to enable the Company to meet its liabilities as they fall due for at least 12 months from the signing of these accounts

The Company's two remaining wholly-owned operating groups are Eaton-Williams Holdings Limited and its subsidiaries ("Eaton-Williams") and Best S p A and its subsidiaries ("Best")

Nortek has confirmed its intention to provide continuing financial support to the Company so that the Company can provide Eaton-Williams with the support necessary for it to meet its liabilities as they fall due for at least 12 months from the signing of these accounts

Nortek has confirmed its intention to provide continuing financial support to the Company so that the Company can provide continuing financial support to Best so long as the results of the implementation of the restructuring plan for Best approved by the board of directors of Nortek on 17 August 2011 (the "Plan") do not materially differ from the estimated costs, timeline and projected results set forth in the Plan. Such financial support is expected to continue for a minimum period of twelve months from the date of the approval of Best's fiscal 2011 statutory consolidated financial statements

The Company, in connection with its annual impairment analysis, has fully reserved its investment in Best, as of 31 December 2011. The Company is not dependent on Best to meet any of its funding requirements and, as indicated above, all of the Company's funding commitments to Best are supported by corresponding funding commitments from Nortek to the Company

The directors, who are both financial officers of Nortek, have reviewed Nortek's going concern analysis, including cash flow projections, which support Nortek's conclusion that it is a going concern. As such, the directors believe that Nortek's letter of support to Nortek (UK) Limited can be relied upon in the directors' evaluation of Nortek (UK) Limited as a going concern. Accordingly, the directors have prepared the accounts on the going concern 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 the auditor, the director has taken all the steps he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

NORTEK (UK) LIMITED

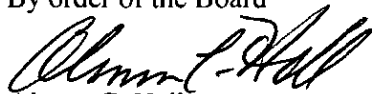
Directors' Report (continued)

For the year ended 31 December 2011

Auditors

In accordance with Section 485 of the Companies Act of 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the Company

By order of the Board

A handwritten signature in black ink, appearing to read 'Almon C Hall', is written over the printed name.

Almon C Hall

Chairman

21 September 2012

NORTEK (UK) LIMITED

Independent auditors' report to the members of Nortek (UK) Limited

We have audited the financial statements of Nortek (UK) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being fully satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on 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 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. In addition, we read all of the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

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.



Ian C. Strachan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 September 2012

NORTEK (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<u>Notes</u>	<u>Year ended 31 Dec 2011 £</u>	<u>Year ended 31 Dec 2010 £</u>
Interest receivable	2	415,000	325,000
Other operating income (expense), net	4	11,000	(219,000)
Interest payable and similar charges	5	(496,000)	(496,000)
Provision for impairment losses on investments	1 and 7	(27,853,000)	(13,669,000)
Provision for uncollectible notes receivable and advances	8	---	(230,000)
Operating loss/loss on ordinary activities before taxation	3	(27,923,000)	(14,289,000)
Taxation	6	---	---
Loss on ordinary activities after taxation and retained loss for the financial year		<u>(27,923,000)</u>	<u>(14,289,000)</u>

All results are derived from continuing operations. There are no recognised gains or losses other than the loss for the financial year and previous year shown above. Consequently no statement of total recognised gains and losses is presented.

NORTEK (UK) LIMITED
BALANCE SHEET
31 DECEMBER 2011

	<u>Notes</u>	<u>31 Dec 2011</u> <u>£</u>	<u>31 Dec 2010</u> <u>£</u>
Fixed assets			
Investments	7	---	---
Notes receivable	8	<u>6,330,000</u>	<u>6,080,000</u>
		<u>6,330,000</u>	<u>6,080,000</u>
Current Assets			
Cash		92,000	659,000
Debtors Amounts falling due within one year	9	<u>1,311,000</u>	<u>896,000</u>
		<u>1,403,000</u>	<u>1,555,000</u>
Creditors: Amounts falling due within one year	10	<u>(3,480,000)</u>	<u>(2,979,000)</u>
Net current liabilities		<u>(2,077,000)</u>	<u>(1,424,000)</u>
Total assets less current liabilities		<u>4,253,000</u>	<u>4,656,000</u>
Creditors: Amounts falling due after more than one year	11	<u>(5,700,000)</u>	<u>(5,700,000)</u>
Net liabilities		<u>(1,447,000)</u>	<u>(1,044,000)</u>
Capital and reserves			
Called up share capital	12	16,542,000	16,542,000
Additional paid-in capital	14	65,421,000	37,901,000
Profit and loss account	13	<u>(83,410,000)</u>	<u>(55,487,000)</u>
Total deficit capital employed	14 and 15	<u>(1,447,000)</u>	<u>(1,044,000)</u>

The financial statements were approved by the board of directors on 21 September 2012 and were signed on its behalf by



Almon C Hall
Chairman
21 September 2012

NORTEK (UK) LIMITED

Notes to accounts

For the year ended 31 December 2011

1. Accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year is set out below

a) Basis of Accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 2006 because it is a wholly owned subsidiary of Nortek Inc which prepares consolidated financial statements on a basis equivalent to consolidated accounts drawn up in accordance with the provisions of the Seventh Directive and which are publicly available

Nortek, Inc (“Nortek”), a company incorporated in the United States of America, whose consolidated accounts include the results of the Company and are available to the public (Note 17), has confirmed its intention to provide continuing financial support to enable the Company to meet its liabilities as they fall due for at least 12 months from the signing of these accounts

The Company’s two wholly-owned operating groups are Eaton-Williams Holdings Limited and its subsidiaries (“Eaton-Williams”) and Best S p A and its subsidiaries (“Best”)

Nortek has confirmed its intention to provide continuing financial support to the Company so that the Company can provide Eaton-Williams with the support necessary for it to meet its liabilities as they fall due for at least 12 months from the signing of these accounts

Nortek has confirmed its intention to provide continuing financial support to the Company so that the Company can provide continuing financial support to Best so long as the results of the implementation of the restructuring plan for Best approved by the board of directors of Nortek on 17 August 2011 (the “Plan”) do not materially differ from the estimated costs, timeline and projected results set forth in the Plan. Such financial support is expected to continue for a minimum period of twelve months from the date of the approval of Best’s fiscal 2011 statutory consolidated financial statements

The Company, in connection with its annual impairment analysis, has fully reserved its investment in Best, as of 31 December 2011. The Company is not dependent on Best to meet any of its funding requirements and, as indicated above, all of the Company’s funding commitments to Best are supported by corresponding funding commitments from Nortek to the Company

The directors, who are both financial officers of Nortek, have reviewed Nortek’s going concern analysis, including cash flow projections, which support Nortek’s conclusion that it is a going concern. As such, the directors believe that Nortek’s letter of support to Nortek (UK) Limited can be relied upon in the directors’ evaluation of Nortek (UK) Limited as a going concern. Accordingly, the directors have prepared the accounts on the going concern basis

NORTEK (UK) LIMITED

Notes to accounts (continued)

1. Accounting policies (continued)

b) Foreign Currency

Monetary assets and liabilities of the Company denominated in foreign currencies are translated into sterling at exchange rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. All transaction exchange differences are included in the profit and loss account.

c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustment) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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.

NORTEK (UK) LIMITED

Notes to accounts (continued)

1. Accounting policies (continued)

d) Cash Flow Statement

The Company has taken advantage of the exemption under Financial Reporting Standard No 1 not to prepare a cash flow statement as it is an indirectly wholly owned subsidiary of Nortek (Note 17), a company incorporated in the United States of America, whose consolidated accounts include the results of the Company and are available to the public

e) Related Party Transactions

The Company has taken advantage of the exemption under Financial Reporting Standard No 8 not to disclose details of transactions with companies in the same group on the grounds that it is an indirectly wholly owned subsidiary of Nortek (Note 17), a company incorporated in the United States of America, whose consolidated accounts include the results of the Company and are available to the public. There are no other related party transactions

f) Investments

Fixed asset investments are shown at cost less provision for impairment (see Note 7)

g) Impairment

The Company evaluates its fixed assets for financial impairment when events or circumstances indicate the carrying value of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, impairment in value is recorded (see Note 7).

2. Interest receivable

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Interest on notes receivable from Eaton-Williams	<u>415,000</u>	<u>325,000</u>

Interest on notes receivable from Eaton-Williams relates to note receivables entered into in 2007 through to 2011 (see Note 8)

3. Operating loss

The Company paid audit fees of £8,400 and £10,000 in 2011 and 2010, respectively. No non-audit services were provided by the auditors in 2011 or 2010

NORTEK (UK) LIMITED

Notes to accounts (continued)

4. Staff costs

The average monthly number of persons employed by the group, including the two executive directors, during the period was as follows

By category	Year Ended 31 December 2011	Year Ended 31 December 2010
Administration	<u>2</u>	<u>2</u>

No remuneration was paid to the Company's directors during the year or the preceding year for services to the Company. There were no payroll costs for 2011 and 2010. The directors' remuneration in respect of qualifying services is nil.

5. Interest payable and similar charges

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Interest on obligations to Nortek, Inc. and Subsidiaries	<u>496,000</u>	<u>496,000</u>

Interest on obligations to Nortek, Inc. is interest on debt repayable after five years and not by instalments (see Note 11).

6. Taxation

(a) Analysis of charge during the year is made up as follows

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
UK Corporation tax	---	---
Deferred tax	<u>---</u>	<u>---</u>
Tax on loss on ordinary activities	<u>---</u>	<u>---</u>

NORTEK (UK) LIMITED

Notes to accounts (continued)

6. Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Loss on ordinary activities before tax	(27,923,000)	(14,289,000)
Loss on ordinary activities multiplied by standard UK Corporation tax rate of 26.5% (2010: 28%)	(7,400,000)	(4,001,000)
Provision for impairment losses not deductible	7,381,000	3,827,000
Unrelieved tax losses carried forward	19,000	174,000
Current tax for the year	---	---

(c) Deferred tax

No deferred tax assets in respect of tax losses have been recognised as there is no certainty that taxable profits will arise in the foreseeable future against which the tax losses may be utilised.

(d) Factors that may affect future tax charges

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012.

As a result of the UK Budget on 21 March 2012, an additional 1% reduction in the main rate of corporation tax to 24% has been announced. This was substantively enacted on 26 March 2012 and will be effective from 1 April 2012.

Further reductions to 23% (effective 1 April 2013) and 22% (effective 1 April 2014) have been announced by the UK Chancellor and are expected to be enacted in the Finance Act 2012 and Finance Act 2013, respectively.

None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

The rate change will also impact the amount of future tax payments, if any, to be made by the company.

NORTEK (UK) LIMITED**Notes to accounts (continued)****7. Fixed asset investments**

At 31 December 2011 and 2010, fixed asset investments relate to the investment in subsidiary undertakings by Nortek (UK) Limited as follows

Cost	2011 £	2010 £
At 1 January	52,137,000	38,468,000
Capital contribution to Best	26,853,000	11,911,000
Capital contribution to Eaton-Williams	1,000,000	500,000
Capital contribution to Imerge	---	1,258,000
At 31 December	<u>79,990,000</u>	<u>52,137,000</u>
Provision for impairment		
At 1 January	(52,137,000)	(38,468,000)
Additions	(27,853,000)	(13,669,000)
At 31 December	<u>(79,990,000)</u>	<u>(52,137,000)</u>
Net book value		
At 31 December	<u>---</u>	<u>---</u>
At 1 January	<u>---</u>	<u>---</u>

The Company's principal, directly held, subsidiary undertakings are set out below:

<u>Operating Company</u>	<u>Country Registration and Operation</u>	<u>Principal Activity</u>	<u>Proportion of Capital Held</u>
Best S p A	Italy	Manufacturing, marketing and distribution of range hoods	100%
Eaton-Williams Holdings Limited	England and Wales	Design, selling, manufacturing, installation and service of air conditioning, air handling, heating and humidification equipment (see below for a listing of its wholly-owned subsidiaries)	100%
Imerge Limited **	England and Wales	Creation and exploitation of audio and video-based products and systems, multi-media networks and ancillary services	100%

** Effective in July 2010, the Company's Imerge Limited subsidiary ceased trading

NORTEK (UK) LIMITED

Notes to accounts (continued)

7. Fixed asset investments (continued)

Eaton-Williams Holdings Limited directly owns 100% of the capital of Eaton-Williams Limited and indirectly owns 100% of the capital of Eaton-Williams Group Limited, Eaton-Williams (Millbank) Limited, Eaton-Williams Products Limited, Eaton-Williams Service Limited, Eaton-Williams Export Limited, Edenaire Limited, Precision Air Control Limited and Vapac Humidity Control Limited. All of Eaton-Williams Holdings Limited's subsidiaries are registered and operated in England and Wales.

In 2011, the Company recorded a provision for impairment losses on investments of £27,853,000 consisting of a provision of £26,853,000 related to the Company's investment in Best S p A (the "Italian Investment") and a provision of £1,000,000 related to the Company's investment in Eaton-Williams Holdings Limited (the "Eaton-Williams Investment"), which for each investment represented amounts contributed by the Company in 2011 to fund operating cash flow requirements. The Company determined the impairment provisions in accordance with Financial Reporting Standard 11, *Impairment of Fixed Assets and Goodwill* ("FRS 11"). The Italian Investment and the Eaton-Williams Investment had previously been determined to be fully impaired in prior years. Best continued to suffer significant losses in 2011 and, although Eaton-Williams showed some improvement in profitability in 2011, Eaton-Williams had negative operating cash flow in 2011 and required £1.25 million of cash in 2011 from Nortek via the Company (£1 million of capital contributions and £250,000 of intercompany debt) to fund their operations. As such, the Company determined that the Italian Investment and the Eaton-Williams Investment should continue to be fully impaired and recorded impairment charges for all amounts invested in 2011. The Company's investment in Imerge Limited ("Imerge") had previously been determined to be fully impaired and Imerge ceased trading in 2010 with no recovery. Imerge is currently in the process of liquidation and the Company does not expect any recovery with respect to the investment in Imerge.

In 2010, the Company recorded a provision for impairment losses on investments of £13,669,000 consisting of a provision of £11,911,000 related to the Italian Investment, a provision of £500,000 related to the Eaton-Williams Investment and a provision of £1,258,000 related to Imerge.

During 2010, Nortek Holding B V contributed additional capital of £14,767,000 to the Company (see Note 12). The Company used the proceeds along with a portion of cash on hand to contribute capital of £11,911,000, £500,000 and £1,258,000 to Best S p A, Eaton-Williams and Imerge, respectively, to issue £1,600,000 of loans to Eaton-Williams and to advance £230,000 to Imerge (see Note 8).

NORTEK (UK) LIMITED

Notes to accounts (continued)

7. Fixed asset investments (continued)

During 2011, Nortek Holding B V contributed additional capital of £27,520,000 to the Company (see Note 12). The Company used the proceeds and cash on-hand during 2011 to contribute capital of £26,853,000 and £1,000,000 to Best S p A and Eaton-Williams, respectively, and to issue a £250,000 loan to Eaton-Williams (see Note 8).

8. Notes receivable

	2011 £	2010 £
Notes receivable from Eaton-Williams	6,330,000	6,080,000

The Company has £3,660,000 and £820,000 issued to Eaton-Williams Group Limited in the form of demand notes with interest payable at 6%, which were issued in 2007 and 2008, respectively. The Company has £600,000, £500,000 and £500,000 issued to Eaton-Williams Group Limited in the form of demand notes with interest payable at 8%, which were issued in 2010, and £250,000 issued in 2011 to Eaton-Williams Group Limited in the form of a demand note with interest payable at 8%.

In 2010, the Company issued a £230,000 advance to Imerge Limited, which was fully reserved at 31 December 2011 and 2010 (see Note 7).

9. Debtors: Amounts falling due within one year

	2011 £	2010 £
Accrued interest receivable from Eaton-Williams	1,311,000	896,000

Accrued interest receivable related to the notes receivable from Eaton-Williams (see Note 8).

10. Creditors: Amounts falling due within one year

	2011 £	2010 £
Accrued interest and other payables to Nortek, Inc and Subsidiaries	3,480,000	2,979,000

The amounts due to Nortek, Inc and subsidiaries primarily relate to accrued interest payable on the intercompany notes (see Note 11). Other payables to Nortek, Inc and subsidiaries were not significant at December 31, 2011 and 2010.

NORTEK (UK) LIMITED**Notes to accounts (continued)****11. Creditors: Amounts falling due after more than one year**

	2011 £	2010 £
Obligations to Nortek, Inc and subsidiaries	5,700,000	5,700,000

Obligations to Nortek, Inc and subsidiaries include the following

	2011 £	2010 £
Obligation of the Company payable on demand at 9%	3,740,000	3,740,000
Obligation of the Company payable on demand at 8 1/8%	1,960,000	1,960,000
Total obligations of the Company	5,700,000	5,700,000

The obligations of the Company are dated 1 September 2003 and 4 February 2005, respectively, and are payable on demand. Interest at the rate of 9% and 8 1/8%, respectively, is payable annually on the anniversary date of the notes. Nortek, Inc. has confirmed that it will not demand repayment within 12 months, and has also indicated that it is unlikely to require repayment in the medium term. Therefore the directors have classified the obligations as repayable after 5 years.

Amounts falling due after more than one year are repayable as follows

	Obligations to Ultimate Holding Co £
Repayable	
Five years and over	5,700,000
Between two and five years	---
Between one and two years	---
	5,700,000

12. Called up share capital

Ordinary shares of £1 each

	2011 £	2010 £
Authorised ordinary shares	16,961,392	16,961,392
Allotted, called up and fully paid	16,542,208	16,542,208

During 2011, Nortek Holding B V reinforced the equity position of the Company by capital contributions of approximately £27,520,000.

During 2010, Nortek Holding B V reinforced the equity position of the Company by capital contributions of approximately £14,767,000.

NORTEK (UK) LIMITED
Notes to accounts (continued)

13. Reserves

	Profit and Loss Account £
Balance at 1 January 2011	(55,487,000)
Loss for the financial year	(27,923,000)
At 31 December 2011	<u>(83,410,000)</u>

14. Analysis of Shareholder's Funds

	2011 £	2010 £
Shareholder's funds allocated to equity:		
Equity shares	16,542,000	16,542,000
Additional paid-in capital	65,421,000	37,901,000
Profit and loss account	<u>(83,410,000)</u>	<u>(55,487,000)</u>
Balance, end of year	<u>(1,447,000)</u>	<u>(1,044,000)</u>

15. Reconciliation of movements in Shareholder's Funds

	2011 £	2010 £
Total recognised losses for the financial year	(27,923,000)	(14,289,000)
Additional paid-in capital	27,520,000	14,767,000
Net (decrease) increase in shareholder's funds	<u>(403,000)</u>	<u>478,000</u>
Opening shareholder's deficit	<u>(1,044,000)</u>	<u>(1,522,000)</u>
Closing shareholder's deficit	<u>(1,447,000)</u>	<u>(1,044,000)</u>

16. Financial commitments and contingencies

Capital commitments

At the balance sheet date there were no capital commitments

Operating leases

The Company has no commitments (2010 - nil)

NORTEK (UK) LIMITED

Notes to accounts (continued)

17. Ultimate parent company

Nortek Holding B V , which is incorporated in the Netherlands, is the immediate parent company undertaking of the Company. The ultimate holding company is Nortek, which is incorporated in the State of Delaware, United States of America. The consolidated accounts of Nortek are available to the public and can be obtained from Nortek, Inc , 50 Kennedy Plaza, Providence, Rhode Island, 02903, USA.

18. Subsequent events

From 1 January 2012 through 25 August 2012, Nortek Holding B V reinforced the equity position of the Company with a series of capital contributions totalling approximately £3.5 million. The Company used the proceeds to contribute capital of approximately £3.5 million to Best S p A.

An indirect wholly owned subsidiary of Nortek, Broan-NuTone LLC (“Broan”), entered into an agreement with Best on 8 June 2012 to purchase the intellectual property of Best, effective 1 July 2012 for approximately £7.3 million (US \$11.6 million) (collectively, the “Best IP Agreement”). In connection with the Best IP Agreement, Broan paid a deposit to Best in March 2012 of approximately £3.1 million (US \$5.0 million), which will be applied to the total purchase price, and an instalment of approximately £1.3 million (US \$2.1 million) in July 2012. The remaining approximately £2.9 million (US \$4.5 million) will be paid by 31 December 2012.