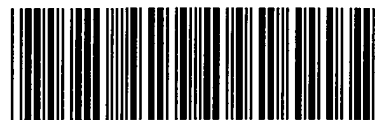


# **Torin Sifan Limited**

## **Report and Financial Statements**

31 July 2014

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COMPANIES HOUSE

**Directors**

R A George

I Jamieson (resigned – 24 January 2014)

I Dew (appointed – 24 January 2014)

**Auditor**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Registered Office**

Vent-Axia,

Fleming Way

Crawley,

West Sussex RH10 9YX

## Strategic report

The directors of Torin Sifan Limited ('the Company') present their strategic report for the year ended 31 July 2014.

### Principal activities and review of the business

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

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

	2014 £000	2013 £000	Change %
Turnover	20,590	20,942	(1.7)
Operating profit	2,085	2,864	(27.2)
EBITDA	2,912	3,654	(20.3)
Average number of employees	218	202	7.9

Revenue decreased due to changes in seasonal trends and was accompanied by a decrease in operating profit following a strong unfavourable change in the sales mix. Operating costs also increased as a result of an increased investment in headcount and research.

### Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as economic and exchange rate related (explained below).

#### Economic risk

In the UK, demand for the Company's products is influenced by both public and privately funded construction projects. The UK construction market is in turn heavily influenced by prevailing macro economic conditions. 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 revenue stream and purchase cost of some of the Company's products. The Company benchmarks revenues and direct expenditure denominated in foreign currency on a regular basis.

On behalf of the Board:



Ian Dew

Director

Date 18-Dec-2014

## Directors' report

The directors of Torin Sifan Limited ('the Company') present their report and financial statements for the year ended 31 July 2014.

### Results and dividends

The Company generated a profit for the year of £2,240,000 (2013 –£2,623,000). The directors do not recommend a dividend (2013 – £nil).

### Research and development

The Company will continue to carry 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.

### Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that 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 5 and should be read in conjunction with this statement.

### Directors

The directors who served the Company during the year and subsequent to the year-end are set-out on page 1.

### 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.

## Financial risk management objectives and policies

### Financial instruments

The financial risk management objectives and policies of the Company and its policy for hedging major forecast transactions are described in note 1 to the financial statements.

The Company principally engages in three types of financial instrument:

- Short term working capital (trade debtors, trade creditors and cash);
- Long-term intra-group receivables; and
- Forward contracts for the purchase of copper.

The directors do not consider the book value of the first two types of financial instrument to materially differ from their fair values.

At 31 July 2013, the Company had a forward contract for the purchase of copper with varying settlement dates. The fair value of these financial instruments is an asset of £4,000.

The principal risks and uncertainties the Company is exposed to as a result of entering into financial instruments are explained below:

#### Price risk

The directors consider this risk to relate to foreign exchange and any exposure is mitigated by utilisation of surplus foreign exchange within the group of which the Company is a member (as set out in note 24).

#### 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 and to mitigate against exposure to credit risk, the Company has developed strong credit control procedures and internal control mechanisms.

## Directors' report (continued)

### 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 in relation to financial liabilities. Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget.

### Cash flow risk

Risk that future cash flows of a financial instrument will fluctuate, exposure is deemed minimal.

### Disclosure of information to the auditor

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 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.

### Re-appointment of auditor

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

On behalf of the Board:



Ian Dew  
Director

Date 18 - Dec - 2014

## **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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; 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.

## **Independent auditors' report**

### **to the members of Torin Sifan Limited**

We have audited the financial statements of Torin Sifan Limited for the year ended 31 July 2014 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 24. 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 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 auditor**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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 the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 July 2014 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 strategic report and 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 Torin Sifan Limited (continued)

### 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

Zishan Nurmohamed (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

Date 19th December 2014



## Profit and loss account

for the year ended 31 July 2014

	Notes	2014 £000	2013 £000
<b>Turnover</b>	2	20,590	20,942
Cost of sales		(14,610)	(14,800)
<b>Gross profit</b>		5,980	6,142
Operating expenses	3	(3,895)	(3,278)
<b>Operating profit</b>	4	2,085	2,864
Interest receivable	7	918	749
<b>Profit on ordinary activities before taxation</b>		3,003	3,613
Tax on profit on ordinary activities	8	(763)	(990)
<b>Profit for the financial year</b>	18	2,240	2,623

The results for the current and prior years arise solely from continuing operations.

## Statement of total recognised gains and losses

for the year ended 31 July 2014


There are no recognised gains or losses other than the profit for the year of £2,240,000 (2013 – £2,623,000).

## Balance sheet

at 31 July 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Intangible fixed assets	9	3,857	4,320
Tangible fixed assets	10	3,202	2,554
Investments	11	2,469	2,469
		<u>9,528</u>	<u>9,343</u>
<b>Current assets</b>			
Stocks	12	3,200	2,834
Debtors:			
amounts falling due after one year	13	16,031	11,316
amounts falling due within one year	13	2,616	3,126
Cash at bank and in hand		862	3,575
		<u>22,709</u>	<u>20,851</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,745)</u>	<u>(4,029)</u>
<b>Net current assets</b>		<u>18,964</u>	<u>16,822</u>
<b>Total assets less current liabilities</b>		<u>28,492</u>	<u>26,165</u>
<b>Creditors: amounts falling due after one year</b>	15	<u>(2,469)</u>	<u>(2,469)</u>
<b>Provisions for liabilities</b>	16	<u>(311)</u>	<u>(224)</u>
<b>Net assets</b>		<u>25,712</u>	<u>23,472</u>
<b>Capital and reserves</b>			
Called up share capital	17	5,000	5,000
Share premium account	18	10,000	10,000
Profit and loss account	18	10,712	8,472
<b>Shareholders' funds</b>	18	<u>25,712</u>	<u>23,472</u>

The financial statements were authorised for and approved on behalf of the board of directors by:

  
 Ian Dew  
 Director  
 Date 18 - Dec - 2014

## Notes to the financial statements

at 31 July 2014

### 1. Accounting policies

#### ***Basis of preparation***

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

#### ***Group financial statements***

As set out in note 24, the results of the Company are consolidated into the results of a parent undertaking, which are publicly available. The Company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking.

#### ***Going concern***

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that 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 5 and should be read in conjunction with this statement.

#### ***Cash flow statement***

In accordance with FRS 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Company is a wholly owned subsidiary and the results of the Company are consolidated into the results of its parent (as set out in note 24), which are publicly available.

#### ***Intangible fixed assets***

Intangible fixed assets acquired separately from a business are capitalised at cost. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Intangible assets are amortised on a straight line basis, normally over 5 to 20 years.

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

#### ***Tangible fixed assets***

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 land and buildings	–	over the length of the lease
Plant and machinery	–	5 to 10 years
Fixtures, fittings, tools, equipment and vehicles	–	2 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.

#### ***Revenue recognition***

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

## Notes to the financial statements (continued)

at 31 July 2014

### 1. Accounting policies (continued)

#### *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.

#### *Interest income*

Revenue is recognised as interest accrues using the effective interest rate method.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. In the case of work in progress and finished goods, this includes the relevant proportion of overheads.

#### *Deferred taxation*

Deferred taxation 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 deferred taxation 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; and
- 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 in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### *Derivative financial instruments – Forward contracts for the purchase of copper*

The Company's activities expose it to the financial risk of changes in copper prices.

The use of financial derivatives is governed by policies approved by the Board of directors, which provide written principles on the use of financial derivatives consistent with the risk management strategy of the Group that the Company is a member of.

Where the instrument is used to hedge a future transaction, gains or losses on the financial instrument are not recognised until the transaction occurs.

#### *Leasing 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. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

## Notes to the financial statements (continued)

at 31 July 2014

### 1. Accounting policies (continued)

#### *Pensions*

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.

#### *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.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore provisions are not discounted.

#### *Research and development*

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

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Stock provisioning*

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of stock as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

#### *Impairment of trade debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the receivable, the ageing profile of debtors and historical experience.

### 2. Turnover

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

	2014 £000	2013 £000
UK	10,819	11,403
Overseas	9,771	9,539
	<u>20,590</u>	<u>20,942</u>

### 3. Operating expenses

	2014 £000	2013 £000
Distribution costs	871	807
Administrative expenses	3,024	2,471
	<u>3,895</u>	<u>3,278</u>

## Notes to the financial statements (continued)

at 31 July 2014

### 4. Operating profit

Operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets	364	327
Loss on disposal of tangible fixed assets	9	8
Operating lease rentals – plant and machinery	21	17
– land and buildings	3	3
Amortisation of intangible fixed assets	463	463
Research and development expenditure	713	468

The current and prior year audit fees were borne by a fellow group undertaking.

### 5. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2013 – £nil). The directors receive remuneration from a fellow group undertaking, Windmill Bidco Limited 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 £1,691,000 (2013 – £709,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

### 6. Staff costs

	2014 £000	2013 £000
Wages and salaries	4,461	4,000
Social security costs	394	350
Other pension costs	259	209
	<u>5,114</u>	<u>4,559</u>

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

	No.	No.
Production	149	147
Sales and administration	69	55
	<u>218</u>	<u>202</u>

### 7. Interest receivable

	2014 £000	2013 £000
On loans to group undertakings	918	748
Other interest receivable	-	1
	<u>918</u>	<u>749</u>

## Notes to the financial statements (continued)

at 31 July 2014

### 8. Tax on profit on ordinary activities

(a) The tax charge is made up of the following:

	2014 £000	2013 £000
<b>Current tax:</b>		
UK corporation tax on profit for the year	785	969
Over provision in prior years	(33)	(2)
Total current tax (note 8(b))	752	967
<b>Deferred tax:</b>		
Origination and reversal of timing differences	17	29
Adjustment in respect of prior years	2	(6)
Impact of change in rates	(8)	-
Total deferred tax	11	23
Tax on profit on ordinary activities	763	990

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22.33% (2013 – 23.67%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	3,003	3,613
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.33% (2013 – 23.67%)	671	855
<b>Effects of:</b>		
Expenses not deductible for tax purposes	152	144
Capital allowances in advance of depreciation	(16)	(30)
Additional research and development relief	(21)	-
Adjustment in respect of prior years	(33)	(2)
Short term timing differences	(1)	-
Current tax for the year (note 8(a))	752	967

## Notes to the financial statements (continued)

at 31 July 2014

### 8. Tax on profit on ordinary activities (continued)

(c) Deferred tax liability

	2014 £000	2013 £000
At 1 August	(45)	(22)
Amounts arising in the year	(17)	(29)
Differences in tax rates	8	-
Adjustment in respect of prior years	(2)	6
At 31 July	<u>(56)</u>	<u>(45)</u>
The deferred tax liability consist of:		
Short-term timing differences	(7)	(7)
Accelerated capital allowances	(49)	(38)
Deferred tax liability (note 16)	<u>(56)</u>	<u>(45)</u>

### 9. Intangible fixed assets

Intangible fixed assets represents goodwill acquired during the period ended 2 August 2003.

	Goodwill £000
Cost:	
At 1 August 2013 and 31 July 2014	<u>9,256</u>
Amortisation:	
At 1 August 2013	(4,936)
Charge for the year	(463)
At 31 July 2014	<u>(5,399)</u>
Net book value:	
At 31 July 2014	<u>3,857</u>
At 1 August 2013	<u>4,320</u>

Goodwill is amortised in equal annual instalments over its estimated economic life of 20 years.



## Notes to the financial statements (continued)

at 31 July 2014

### 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 1 August 2013	2,148	2,486	1,926	6,560
Additions	492	354	175	1,021
Disposals	-	(120)	(54)	(174)
At 31 July 2014	2,640	2,720	2,047	7,407
Depreciation:				
At 1 August 2013	(676)	(1,716)	(1,614)	(4,006)
Charge for the year	(90)	(136)	(138)	(364)
Disposals	-	111	54	165
At 31 July 2014	(766)	(1,741)	(1,698)	(4,205)
Net book value:				
At 31 July 2014	1,874	979	349	3,202
At 1 August 2013	1,472	770	312	2,554

### 11. Investments

	<i>£000</i>
Cost:	
At 1 August 2013 and 31 July 2014	<u>2,469</u>

Investments represents a wholly owned interest in Torin Limited, which is registered in England, does not trade and acts as an unremunerated agent.

## Notes to the financial statements (continued)

at 31 July 2014

### 12. Stocks

	2014	2013
	£000	£000
Raw materials and consumables	1,583	1,570
Work in progress	606	559
Finished goods and goods for resale	1,011	705
	<u>3,200</u>	<u>2,834</u>

The difference in estimated replacement cost and the purchase price or production cost is not material.

### 13. Debtors

	2014	2013
	£000	£000
Amounts falling due within one year:		
Trade debtors	2,288	2,970
Prepayments and accrued income	328	156
	<u>2,616</u>	<u>3,126</u>
Amounts falling due after one year:		
Amounts due from other group undertakings	<u>16,031</u>	<u>11,316</u>

Amounts due from group undertakings represent a loan of £7,563,000 (2013 - £3,784,000) to Vent Axia Group Limited and a loan of £8,468,000 (2013 - £7,532,000) to Volution Ventilation Group Limited. These loans have no fixed date for repayment and carry interest at 7% per annum compounded half yearly on 31 January and 31 July.

The Company has undertaken not to demand either of the loans be repaid within 12 months of the date of approving these financial statements.

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

	2014	2013
	£000	£000
Trade creditors	2,414	2,358
Amounts owed to group undertakings	752	967
Other creditors	480	615
Taxation and social security costs	99	89
	<u>3,745</u>	<u>4,029</u>

## Notes to the financial statements (continued)

at 31 July 2014

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

	2014	2013
	£000	£000
Amounts owed to subsidiary undertakings	<u>2,469</u>	<u>2,469</u>

Amounts owed to subsidiary undertakings includes a non-interest bearing loan from Torin Limited of £2,469,000 with no fixed date for repayment. The directors have received confirmation that repayment of the loan will not be called within 12 months of the date of approving these financial statements.

### 16. Provisions for liabilities

	Service guarantees £000	Deferred tax £000	Dilapidations £000	Total £000
At 1 August 2013	179	45	-	224
Arising in the year	126	11	50	187
Utilised	(100)	-	-	(100)
At 31 July 2014	<u>205</u>	<u>56</u>	<u>50</u>	<u>311</u>

#### Service guarantees

A provision is recognised for expected service guarantees on products sold during the year and in prior years.

#### Dilapidations

A provision is recognised for expected costs of returning the property to its original state at the end of the lease period.

### 17. Issued share capital

	No.	2014 £000	No.	2013 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	5,000,000	<u>5,000</u>	5,000,000	<u>5,000</u>

### 18. Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total share- holders' funds £000
At 1 August 2012	5,000	10,000	5,849	20,849
Profit for the year	-	-	2,623	2,623
Disposal of investment	-	-	(10)	(10)
Waiver of debt received	-	-	10	10
At 1 August 2013	<u>5,000</u>	<u>10,000</u>	<u>8,472</u>	<u>23,472</u>
Profit for the year	-	-	2,240	2,240
At 31 July 2014	<u>5,000</u>	<u>10,000</u>	<u>10,712</u>	<u>25,712</u>

## Notes to the financial statements (continued)

at 31 July 2014

### 19. Capital commitments

	2014	2013
	£000	£000
Amounts contracted but not provided for	650	48
Amounts authorised but not committed	24	-
Total capital commitments	674	48

### 20. Pensions

The Company's employees who have elected to receive pension benefits are members of a defined contribution scheme operated by Volution Ventilation Group Limited (formerly Volution Limited) (an intermediate parent undertaking). Under the scheme, contribution rates paid by the Company are fixed dependent upon the member's age and length of service.

### 21. Other financial commitments

At 31 July 2014 the Company had annual commitments under non-cancellable operating leases as set out below:

	2014		2013	
	<i>Land and buildings</i>	<i>Plant and Machinery</i>	<i>Land and buildings</i>	<i>Plant and Machinery</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	-	8
In two to five years	-	6	-	3
Over five years	123	10	3	6
	123	16	3	17

### 22. Contingent liabilities

The Company agreed to co-guarantee bank loans of £53,903,000 held by Windmill Bidco Limited (an intermediate parent undertaking) with GE Corporate Finance Bank SAS, London Branch on a joint and several basis with other group undertakings. The Company also acts as a charger for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets.

### 23. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 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.

## Notes to the financial statements (continued)

at 31 July 2014

### **24. Ultimate parent undertaking and controlling party**

The Company's immediate parent undertaking is Volution Holdings Limited. The parent undertaking of the largest and smallest group for which consolidated financial statements were drawn up and include the results of the Company for the year ended 31 July 2014 is Volution Group plc, a public company incorporated in England. Copies of the group financial statements of Volution Holdings Limited and Volution Group plc are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The majority shareholder in Volution Group plc at 31 July 2014 is Windmill Holdings BV. Windmill Holdings BV is incorporated in the Netherlands and is indirectly owned by TowerBrook Investors III, L.P., TowerBrook Investors III Executive Fund, L.P. and TowerBrook Investors III (Parallel) L.P. ('the Funds'). During the financial year up to 23 June 2014, Windmill Holdings BV was regarded by the directors as the direct controlling party of the Company and the Funds were regarded as the ultimate controlling parties of the Company.

From 23 June 2014, the directors consider the ultimate parent and controlling party of the Company to be Volution Group plc.