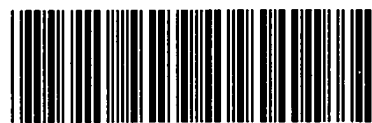


Volution Holdings Limited

Report and Financial Statements

31 July 2014

MONDAY



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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

Fleming Way

Crawley

West Sussex RH10 9YX

Strategic report

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

Principal activities and review of the business

Volution Holdings Limited is an intermediate parent undertaking that directly and indirectly holds investments in a number of subsidiaries. The Company provides a range of management services to companies within the enlarged group it is a member of (as set out in note 19) and will continue to provide these services for the foreseeable future.

The Company's trading subsidiaries are engaged in the following:

- the design, manufacture and distribution of unitary and systems ventilation products and equipment. These include a number of respected brands in the ventilation industry; and
- the design, manufacture and distribution of a range of motors and components for use in air movement applications and gas boilers.

Key performance indicators

The Company's key financial performance indicators are as follows:

	2014 £000	2013 £000	% change
Turnover (management fee income)	2,631	2,098	25.4%
Profit/(loss) on ordinary activities before taxation	237	(180)	231.7%

The profit arose from an increase in management fees and a decrease in interest payable following a group reorganisation.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as the potential for impairment of assets and financial instrument related risk.

Asset impairment risk

To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis and only lends to companies in the group within which it is a member. To date, all investments have had a strong year and are not exhibiting indicators of impairment. This is expected to continue for the foreseeable future.

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 the company's obligations. Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget.

The company also reviews its long term funding requirements in parallel with its long term strategy, with an objective of aligning both in a timely manner.

On behalf of the Board



Ian Dew

Director

Date 18 - Dec - 2014

Directors' report

The directors of Volution Holdings 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 £138,000 (2013 – loss of £170,000). The directors do not recommend a final dividend (2013 – £nil).

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.

The ultimate parent undertaking in the UK (as set out in note 19) has agreed to provide financial support to the Company to meet its liabilities as and when they fall due. For these reasons, the directors 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.

Directors

The directors who served the Company during the year are set out on page 1.

Financial instruments

The company's financial instruments include investments, share capital and share premium, cash, and various items arising directly from operations (such as debtors, creditors etc.).

The main risks arising from these financial instruments are impairment risk and liquidity risk which are discussed in detail in the strategic report. Furthermore these are also managed at a group level, and additional details can be obtained from the Volution Group plc financial statements.

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.

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 Volusion Holdings Limited

We have audited the financial statements of Volusion Holdings 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 19. 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 4, 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.

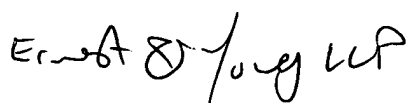
Independent auditors' report

to the members of Volution Holdings 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 19 December 2014

Profit and loss account

for the year ended 31 July 2014

	Notes	2014 £000	2013 £000
Turnover	2	2,631	2,098
Operating expenses		(3,154)	(2,723)
Operating loss	3	(523)	(625)
Interest receivable	6	1,069	1,235
Interest payable	7	(309)	(790)
Profit/(loss) on ordinary activities before taxation		237	(180)
Tax on profit/(loss) on ordinary activities	8	(99)	10
Profit/(loss) for the financial year	16	138	(170)

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 £138,000 (2013 – loss of £170,000).

Balance sheet

at 31 July 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible fixed assets	9	936	375
Investments	10	12,100	12,100
		<u>13,036</u>	<u>12,475</u>
Current assets			
Debtors:			
amounts falling due after one year	11	18,041	11,622
amounts falling due within one year	11	1,883	4,309
Cash at bank and in hand		258	154
		<u>20,182</u>	<u>16,085</u>
Creditors: amounts falling due within one year	12	(571)	(3,140)
		<u>19,611</u>	<u>12,945</u>
Net current assets		<u>32,647</u>	<u>25,420</u>
Total assets less current liabilities			
Creditors: amounts falling due after one year	13	(8,974)	(1,912)
Provision for liabilities	14	(43)	(16)
		<u>(9,017)</u>	<u>(1,928)</u>
Net assets		<u>23,630</u>	<u>23,492</u>
Capital and reserves			
Called up share capital	15	18	18
Share premium account	16	1,760	1,760
Capital contribution	16	25,391	25,391
Profit and loss account	16	(3,539)	(3,677)
Shareholders' funds	16	<u>23,630</u>	<u>23,492</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 19, 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.

The ultimate parent undertaking in the UK (as set out in note 19) has agreed to provide financial support to the Company to meet its liabilities as and when they fall due. For these reasons, the directors 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.

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 19), which are publicly available.

Tangible fixed assets

Depreciation is provided on 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:

Computer equipment	–	5 years
Fixtures and fittings	–	3 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 stated at cost less provision for any impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.
- 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.

Notes to the financial statements (continued)

at 31 July 2014

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, namely management fees excluding VAT and other sales taxes or duty.

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.

2. Turnover

Turnover comprises management fee income and represents the net amount invoiced to fellow group companies excluding value added tax. All management fee income was derived in the UK.

3. Operating loss

Operating loss is stated after charging:

	2014 £000	2013 £000
Auditors' remuneration	-	-

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

4. Directors' remuneration

	2014 £000	2013 £000
Amounts paid in respect of qualifying services:		
Aggregate directors' remuneration	-	680
Aggregate directors' pension scheme contributions	-	29
In respect of the highest paid director:		
Aggregate remuneration	-	390
Aggregate pension scheme contributions	-	20

Directors' remuneration in the prior year related to services provided by the enlarged group of which the company was a member. It was not possible to identify the proportion of this remuneration that relate to services to this Company.

In the current year, no remuneration was paid or is payable to the directors in their capacity as directors of the Company. 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. It is not possible to identify the proportion of this remuneration that relates to services to this Company.

The number of directors accruing benefits under group money purchase pension arrangements was nil (2013 – 1).

Notes to the financial statements (continued)

at 31 July 2014

5. Staff costs

	2014 £000	2013 £000
Wages and salaries	288	92
Social security costs	39	7
Other pension costs	18	-
	<u>345</u>	<u>99</u>

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

	No.	No.
Sales and administration	<u>4</u>	<u>1</u>
	<u>4</u>	<u>1</u>

6. Interest receivable

	2014 £000	2013 £000
On amounts due from group undertakings	<u>1,069</u>	<u>1,235</u>

7. Interest payable

	2014 £000	2013 £000
On amounts owed to group undertakings	<u>309</u>	<u>790</u>

Notes to the financial statements (continued)

at 31 July 2014

8. Tax on profit/loss on ordinary activities

(a) Tax on profit/loss on ordinary activities

The tax charge/credit is made up as follows:

	2014 £000	2013 £000
Current tax:		
UK corporation tax	66	(24)
Adjustment in respect of prior years	6	(2)
Total current tax	<u>72</u>	<u>(26)</u>
Origination and reversal of timing differences	32	16
Impact of change in tax rates	(5)	-
Total deferred tax (note 8(c))	<u>27</u>	<u>16</u>
Tax on profit/(loss) on ordinary activities	<u>99</u>	<u>(10)</u>

(b) Factors affecting the tax charge/credit 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/(loss) on ordinary activities before tax	<u>237</u>	<u>(180)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.33% (2013 – 23.67%)	53	(42)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	45	34
Capital allowances in advance of depreciation	(33)	(16)
Adjustments to tax charge/credit in respect of previous years	6	(2)
Short term timing differences	<u>1</u>	<u>-</u>
Current tax for the year (note 8(a))	<u>72</u>	<u>(26)</u>

Notes to the financial statements (continued)

at 31 July 2014

8. Tax on profit/loss on ordinary activities (continued)

(c) Deferred tax liability

	2014 £000	2013 £000
At 1 August	(16)	-
Amounts arising in the year	(32)	(16)
Effect of change in tax rates	5	-
At 31 July	<u>(43)</u>	<u>(16)</u>
The deferred tax liability consists of:		
Depreciation in advance of capital allowances	(44)	(16)
Short term timing differences	1	-
Undiscounted deferred tax liability (note 14)	<u>(43)</u>	<u>(16)</u>

9. Tangible fixed assets

	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost:			
At 1 August 2013	373	2	375
Additions	545	26	571
At 31 July 2014	<u>918</u>	<u>28</u>	<u>946</u>
Depreciation:			
Charge for the year	(7)	(3)	(10)
At 31 July 2014	<u>(7)</u>	<u>(3)</u>	<u>(10)</u>
Net book value:			
At 31 July 2014	<u>911</u>	<u>25</u>	<u>936</u>
At 31 July 2013	<u>373</u>	<u>2</u>	<u>375</u>

Notes to the financial statements (continued)

at 31 July 2014

10. Investments

*Subsidiary
undertakings
£000*

Cost:

At 1 August 2013 and 31 July 2014

12,100

Investments represent interests in the following subsidiary companies:

<i>Company</i>	<i>Country of incorporation</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Direct:			
Volusion Ventilation Group Limited	England	100%	Holding Company
Torin Sifan Limited	England	100%	Air movement products
Indirect:			
Vent-Axia Group Limited	England	100%	Air movement products
Manrose Manufacturing Limited	England	100%	Air movement products
Anda Products Limited	England	100%	Unremunerated agent
Axia Fans Limited	England	100%	Dormant
Roof Units Limited	England	100%	Unremunerated agent
Torin Limited	England	100%	Dormant
Vent-Axia Limited	England	100%	Unremunerated agent
Vent-Axia Clean Air Systems Limited	England	100%	Unremunerated agent
Volusion Sweden AB	Sweden	100%	Holding company
Fresh AB	Sweden	100%	Air movement products
Volusion Norge AS (formerly Fresh Norge AS)	Norway	100%	Air movement products
Fresh Shanghai Limited	China	100%	Air movement products
PAX AB	Sweden	100%	Air movement products
PAX Norge AS	Norway	100%	Air movement products
Volusion Management Holding GmbH	Germany	100%	Holding company
inVENTer GmbH	Germany	100%	Air movement products
Volusion Deutschland Real Estate GmbH	Germany	94%	Real estate investment

Notes to the financial statements (continued)

at 31 July 2014

11. Debtors

	2014 £000	2013 £000
Amounts falling due within one year:		
Prepayments and accrued income	286	312
Corporation tax	962	-
Amounts due from group undertakings	635	3,997
	<u>1,883</u>	<u>4,309</u>
Amounts falling due after one year:		
Amounts due from group undertakings	<u>18,041</u>	<u>11,622</u>

Amounts due from group undertakings includes loans to the following:

- Windmill Bidco Limited £15,989,000 (2013 – £10,229,000), which has no fixed date for repayment and carries interest at 7% per annum compounded half yearly on 31 January and 31 July;
- Windmill Topco Limited £980,000 (2013 – £504,000), which has no fixed date for repayment and carries interest at 7% per annum compounded half yearly on 31 January and 31 July;
- Windmill Midco Limited £984,000 (2013 – £869,000), which has no fixed date for repayment and carries interest at 7% per annum compounded half yearly on 31 January and 31 July.
- Volution Group plc £88,000 (2013 – £nil), which has no fixed date for repayment and carries interest at 7% per annum compounded half yearly on 31 January and 31 July.

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

12. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	14	1,297
Other creditors	542	843
Corporation tax	-	980
Other taxation and social security	<u>15</u>	<u>20</u>
	<u>571</u>	<u>3,140</u>

Notes to the financial statements (continued)

at 31 July 2014

13. Creditors: amounts falling due after one year

	2014 £000	2013 £000
Amounts owed to group undertakings	8,974	1,912

The balance comprise a loan from Volusion Ventilation Group Limited (a subsidiary undertaking) of £8,974,000 (2013 – £1,912,000), which has no fixed date for repayment and carries interest at 7% per annum compounded half yearly on 31 January and 31 July; and

The Company has received confirmation that repayment of the loan will not be called within 12 months of the date of approving these financial statements.

14. Provision for liabilities

	Deferred tax £000
At 1 August 2013	16
Arising in the year (note 8(c))	27
At 31 July 2014	43

15. Issued share capital

	No.	2014 £000	No.	2013 £000
<i>Allotted, called up and fully paid</i>				
Ordinary 'A' shares of 10p each	137,778	14	137,778	14
Ordinary 'B' shares of 10p each	40,000	4	40,000	4
		18		18

Ordinary A shares rank pari passu with Ordinary B shares in respect of distributions and in terms of rights on the issue and allotment of new shares. On return of capital on a liquidation or otherwise, surplus assets and retained profits available will be distributed in preference to the holders of Ordinary A shares. Under certain circumstances the voting rights of Ordinary A shareholders may be increased to 95% of the rights attaching to all shares. The Ordinary B shares carry limited rights in respect of transfer and sale.

Notes to the financial statements (continued)

at 31 July 2014

16. Reconciliation of shareholders' funds and movements on reserves

	<i>Ordinary share capital £000</i>	<i>Share premium account £000</i>	<i>Capital contribution £000</i>	<i>Profit and loss account £000</i>	<i>Total share-holders' funds £000</i>
At 1 August 2012	18	1,760	–	5,468	7,246
Loss for the year	–	–	–	(170)	(170)
Transfer of investment from a fellow group undertaking	–	–	12,000	–	12,000
Waiver of debt received	–	–	13,391	–	13,391
Waiver of amounts due from group undertaking	–	–	–	(8,975)	(8,975)
At 1 August 2013	18	1,760	25,391	(3,677)	23,492
Profit for the year	–	–	–	138	138
At 31 July 2014	18	1,760	25,391	(3,539)	23,630

17. Contingent liabilities

During the year, 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.

18. 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 Volusion 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.

19. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Windmill Bidco 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 Volusion Group plc, a public company incorporated in England. Copies of the group financial statements of Windmill Bidco Limited and Volusion Group plc are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The majority shareholder in Volusion 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 Volusion Group plc.