

# **Volution Holdings Limited**

Report and Financial Statements

Year Ended

31 July 2019

Company Number 04569313



# **Volution Holdings Limited**

## **Report and financial statements for the year ended 31 July 2019**

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### **Directors**

R A George  
A O'Brien

### **Registered office**

Fleming Way, Crawley, West Sussex, RH10 9YX

### **Company number**

04569313

### **Auditor**

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

# Volusion Holdings Limited

## Strategic report for the year ended 31 July 2019

The directors of Volusion Holdings Limited ('the Company') present their strategic report for the year ended 31 July 2019.

### Principal activity and review of the business

Volusion 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 of which it is a member 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.

The company received a cash dividend from its investments of £24,520,000 (2018: £11,600,000) during the year.

### Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as asset impairment, economic, exchange rate and financial instrument related. These risks are explained further below:

#### 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. 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.

#### Economic risk

In the UK, demand for the products of the Company's trading subsidiaries is influenced by both public and privately funded new and refurbishment construction projects. The UK construction market is in turn heavily influenced by prevailing macro-economic conditions and relevant UK and European legislation particularly with regards to air quality and energy efficiency. The Company reviews its cost base and organisational structure on a regular basis. We continue to monitor developments around BREXIT and adjust our contingency planning accordingly. Uncertainty remains over the eventual outcome.

#### Exchange rate risk

Fluctuations in the exchange rate of sterling with other major currencies will impact both the turnover stream and purchase cost of some of the Company's products. The Company benchmarks turnover and direct expenditure denominated in foreign currency on a regular basis.

#### Financial instrument risk

The most significant financial instrument held by the company is its investments in subsidiaries. The directors understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis. 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.

# Volution Holdings Limited

## Strategic report for the year ended 31 July 2019 *(continued)*

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### Principal risks and uncertainties *(continued)*

In addition to investments, the Company engages in two types of financial instrument:

- Short term working capital (other debtors, other creditors and cash); and
- Intra-group debtors and creditors.

The directors do not consider the book value of financial instruments to materially differ from their fair values.

The directors' understanding of and the Company's exposure to risk as a result of using financial instruments is as follows:

- **Price risk**  
Risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The directors consider this risk to relate to foreign exchange. Risk arising on financial instruments is mitigated by utilisation of surplus foreign currency within the group of which the Company is a member.
- **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. In relation to banking relationships, the directors consider this to relate to the counterparty the Company transacts with, which is typically a reputable high street bank and exposure is therefore minimal. With regard to other financial instruments, the directors believe credit risk principally relates to intra-group receivables. To mitigate against exposure to credit risk the Company only lends to companies in the group of which it is a member and regularly reviews the performance and cash flow forecasts of the entities to which it has lent.
- **Liquidity risk**  
Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments, principally the repayment of its intra-group payables. To the best of the directors' knowledge there are no foreseeable constraints in discharging obligations under financial instruments.
- **Cash flow risk**  
Risk that future cash flows of a financial instrument will fluctuate. As the rate and amounts are fixed by the parent and the Company hedges its exposure, risk is deemed minimal.

# Volution Holdings Limited

## Strategic report for the year ended 31 July 2019 (*continued*)

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### UK leaving the EU

Following the referendum outcome in June 2016 for the UK to leave the EU, the UK Government and European Commission have been negotiating the terms on which the UK would leave the EU and the framework for the future relationship. At the time of writing the continuing uncertainty in the UK parliament makes it difficult to predict an outcome and therefore it is unclear on the trading relationship the UK will have with the EU after the exit date.

Our UK business is substantially a "domestic" supplier of goods to their own markets with relatively limited cross border sales activity. We have reviewed the tariffs that would apply to any cross border sales of our products between UK and Europe in the event of a no-deal, and at an estimated tariff level of up to 3%, we do not believe the commerciality of these transactions would be materially impacted.

On the supply chain side, our primary non-UK supply comes from China, and so (aside from any heightened foreign exchange rate volatility) is not materially impacted. Border delays are recognised as a potential source of disruption; as such we have increased some inventories of specific faster moving products and will continue to monitor inventory levels and orders with our key suppliers.

On behalf of the Board



Andy O'Brien  
Director  
13 December 2019

# **Volution Holdings Limited**

## **Directors' report for the year ended 31 July 2019**

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The directors of Volution Holdings Limited ('the Company') present their report and financial statements for the year ended 31 July 2019.

### **Directors**

The directors of the company throughout the year were:

R A George  
I Dew (resigned 31 July 2019)  
A O'Brien (appointed 1 August 2019)

### **Dividends**

The Company paid an interim dividend of £23,420,000 (2018: £9,810,000). The directors do not recommend the payment of a final dividend (2018: £nil).

### **Donations**

During the year, the company did not make any political or charitable donations.

### **Financial instruments**

The directors' understanding of, and the Company's exposure to risk as a result of using financial instruments is set out in the strategic report.

### **Disabled employees and employee involvement**

A skilled workforce is key to the future of the Company. Health and Safety matters are reviewed regularly by the directors and it is our policy to ensure that:

- Full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- If an existing employee becomes disabled (whether from illness or accident) every reasonable effort is made to continue to provide employment either in the same job, or by training for a suitable alternative job; and
- Disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

Management are regularly provided with a range of information concerning the performance of the business by means of meetings and similar briefings that allows employees' views and opinions to be taken into consideration. Other means of communication are used to ensure employees are systematically provided with information on matters of concern to them.

### **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.

### **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 6 and should be read in conjunction with this statement.

# Volution Holdings Limited

## Directors' report for the year ended 31 July 2019 (*continued*)

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### 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 for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the Board



Andy O'Brien  
Director  
13 December 2019

# **Volution Holdings Limited**

## **Directors' responsibilities statement for the year ended 31 July 2019**

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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 year.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Opinion**

We have audited the financial statements of Volution Holdings Limited for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2019 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

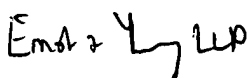
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.



Andy Smyth (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

Date 13 December 2019

# **Volution Holdings Limited**

## **Statement of comprehensive income for the year ended 31 July 2019**

	Note	Year ended 31 July 2019 £'000	Year ended 31 July 2018 £'000
<b>Revenue from contracts with customers</b>	4	<b>3,496</b>	3,067
Administrative expenses		<u>(3,480)</u>	<u>(2,967)</u>
<b>Operating profit</b>	5	<b>16</b>	100
Income from shares in group undertakings		<b>24,520</b>	11,600
Other interest receivable and similar income		<u>6</u>	<u>8</u>
<b>Profit on ordinary activities before taxation</b>		<b>24,542</b>	11,708
Taxation on profit on ordinary activities	7	<u>36</u>	<u>(64)</u>
<b>Profit for the financial year</b>		<b>24,578</b>	11,644
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><b>24,578</b></u>	<u>11,644</u>

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

The notes on pages 13 to 25 form part of these financial statements.

# Volution Holdings Limited

## Statement of financial position at 31 July 2019

Company number 04569313

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Non-current assets</b>					
Intangible assets	9		4,173		4,356
Tangible assets	10		171		191
Investments	11		14,382		14,382
			<u>18,726</u>		<u>18,929</u>
<b>Current assets</b>					
Trade and other receivables	12	5,380		4,331	
Prepayments		64		116	
Cash at bank and in hand		<u>12</u>		<u>301</u>	
		5,456		4,748	
<b>Trade and other payables: amounts falling due within one year</b>	13	<u>(881)</u>		<u>(1,517)</u>	
<b>Net current assets</b>			<u>4,575</u>		<u>3,231</u>
<b>Total assets less current liabilities</b>			<b>23,301</b>		<b>22,160</b>
<b>Deferred tax</b>	14		<u>(149)</u>		<u>(166)</u>
<b>Net assets</b>			<u><b>23,152</b></u>		<u><b>21,994</b></u>
<b>Capital and reserves</b>					
Called up share capital	15		-		-
Share premium			2,282		2,282
Capital contribution reserve			1,294		1,294
Profit and loss account			<u>19,576</u>		<u>18,418</u>
<b>Equity attributable to owners of the parent company</b>			<u><b>23,152</b></u>		<u><b>21,994</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2019.



Andy O'Brien  
Director

The notes on pages 13 to 25 form part of these financial statements.

# **Volution Holdings Limited**

## **Statement of changes in equity at 31 July 2019**

	<b>Share capital £'000</b>	<b>Share premium £'000</b>	<b>Capital contribution reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>1 August 2017</b>	—	—	<b>1,294</b>	<b>16,584</b>	<b>17,878</b>
Profit for the year	—	—	—	11,644	11,644
Dividends	—	—	—	(9,810)	(9,810)
Share issue	—	2,282	—	—	2,282
<b>31 July 2018</b>	—	<b>2,282</b>	<b>1,294</b>	<b>18,418</b>	<b>21,994</b>
Profit for the year	—	—	—	24,578	24,578
Dividends	—	—	—	(23,420)	(23,420)
<b>31 July 2019</b>	<b>—</b>	<b>2,282</b>	<b>1,294</b>	<b>19,576</b>	<b>23,152</b>

The notes on pages 13 to 25 form part of these financial statements.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019

### 1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements present the results and financial position of Volution Holdings Limited ("the Company") for the year ended 31 July 2019. The Company is a private limited company and is incorporated and domiciled in England and Wales. The address of the Company's registered office is Fleming Way, Crawley, West Sussex RH10 9YX.

The financial statements were authorised for issue by the board of directors on 13 December 2019 and the statement of financial position was signed on the board's behalf by Andy O'Brien.

The financial statements have been prepared in accordance with FRS 101, under the historical cost convention and in accordance with the Companies Act 2006.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Volution Group plc. The results of the Company are included in the consolidated financial statements of Volution Group plc which are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The principal accounting policies adopted by the Company are set out in note 2.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

#### *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention except for derivative financial instruments which have been recognised at fair value and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'
- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  - paragraph 118(e) of IAS 38 'Intangible Assets';
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements'
- The requirements of IAS 7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures'

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (continued)

### 2 Accounting policies (continued)

#### *Basis of preparation (continued)*

- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

#### *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 6 and should be read in conjunction with this statement.

#### *Revenue from contracts with customers*

Revenue is recognised when the control of services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

#### *Management fees*

Revenue from management fees received represents amounts agreed within the contract and is recognised over time.

#### *Interest receivable and similar income*

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

#### *Income from shares in group undertakings*

Income is recognised when the Company's right to receive payment is established.

#### *Income taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that the directors consider it is probable that there will be taxable profits from which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted by the reporting date.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (continued)

### 2 Accounting policies (continued)

#### *Income taxes (continued)*

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities.

Deferred income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

#### *Tangible assets*

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the tangible asset; when significant parts of tangible assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Fixtures & fittings - 4 – 10 years

The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income as part of administrative expenses.

#### *Intangible assets*

Intangible assets with a definite life are amortised on a straight-line basis over their estimated useful lives as follows:

Software costs - 5 years

The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### *Impairment of tangible and intangible assets*

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets with definite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised in the statement of comprehensive income.



# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Trade and other receivables*

Trade and other receivables are recognised when it is probable that a future economic benefit will flow to the Company. Trade and other receivables are carried at original invoice or contract amount less any provisions for discounts and doubtful debts. Provisions are made using the simplified approach in calculating the expected credit loss (ECL), the provision is measured at an amount equal to lifetime ECLs.

#### *Cash and cash equivalents*

Cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

#### *Trade and other payables*

Creditors are obliged to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### *Financial assets*

##### Initial recognition and measurement

Financial assets are recognised when the Company becomes party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, trade and other receivables and loan notes.

##### Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Financial liabilities*

##### Initial recognition and measurement

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are measured at amortised cost.

##### Subsequent measurement

Financial liabilities measured at amortised cost require the use of the effective interest method with gains or losses recognised in profit or loss when the financial liability is derecognised or through the amortisation process.

##### Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### *Pensions*

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the year they become payable. The cost charged to the statement of comprehensive income of providing retirement pensions for employees represents the amounts paid by the Company to various defined contribution pension schemes operated by the Group in the financial year.

#### *Dividends*

Dividends are recognised when they meet the criteria for recognition as a liability. In relation to final dividends, this is when the dividend is approved by the directors in the general meeting, and in relation to interim dividends, when paid.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (*continued*)

### 2 Accounting policies (*continued*)

#### *New standards and interpretations*

##### *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments was issued in July 2014 to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 has been endorsed by the EU and is effective for accounting periods beginning on or after 1 January 2018 and was adopted by the Company on 1 August 2018.

IFRS 9 impacts the classification and measurement of the Company's financial instruments and requires certain additional disclosures. On transition to IFRS 9 there is a change in the classification of trade and other receivables from loans and receivables to amortised cost. IFRS 9 also introduces changes to impairments of financial assets, which has resulted in the Company moving from an incurred loss model to an expected loss model.

Although the new standard impacts the way in which credit loss provisions are calculated, as the Company has historically not incurred significant credit losses, due to the management fee receivable being owed by Group companies, the impact is not material.

##### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15, as amended, is effective for accounting periods beginning on or after 1 January 2018 and was adopted by the Company on 1 August 2018. IFRS 15 provides a single, principles based 5 step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the separate models for goods, services and construction contracts currently included in IAS11 Construction Contracts and IAS 18 Revenue.

As permitted by IFRS 15 we have applied the new standard using the modified retrospective method. We recognised the cumulative effect of applying the new standard at the date of initial application, 1 August 2018, with no restatement of the comparative period presented. We have also chosen to apply the new standard only to those contracts that were not considered completed contracts at 1 August 2018.

IFRS 15 does not have a material impact on the recognition of revenue due to the nature of management fee revenue and the lack of complexity involved in these transactions. The adoption of the standard did not have a material impact to the Company's statement of financial position and statement of comprehensive income.

The following standards and interpretations have an effective date after the date of these financial statements.

IFRS 16 Leases was issued in January 2018 to replace IAS 17 Leases. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Company on 1 August 2019.

The Directors do not consider IFRS 16 to have any impact on the Company.

Other new standards or interpretations in issue, but not yet effective, are not expected to have a material impact on the Company's net assets or results.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (*continued*)

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### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **Carrying value of investments**

The carrying value of the investments is estimated based on the expected performance and value of the investments factoring in potential expected future net cash flow to be generated from the investment. The Company based its estimation on information available when these financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected when they occur. The carrying value of investments is shown in note 11.

# **Volution Holdings Limited**

**Notes forming part of the financial statements  
for the year ended 31 July 2019 (continued)**

## **4 Revenue from contracts with customers**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Analysis by class of business:		
Management fee income	<u>3,496</u>	<u>3,067</u>
Analysis of turnover by country of destination:		
United Kingdom	<u>3,496</u>	<u>3,067</u>

## **5 Operating profit**

	<b>2019 £'000</b>	<b>2018 £'000</b>
This is arrived at after charging		
Depreciation of tangible fixed assets	20	57
Amortisation of intangible assets	549	466
Management fees	2,367	2,041
Insurance fees	<u>96</u>	<u>144</u>

Fees payable to the Company's auditors for the audit of the Company's annual accounts were borne by a fellow group company.

## **6 Employees**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Staff costs (including directors) consist of:		
Wages and salaries	238	104
Social security costs	24	14
Cost of defined contribution scheme	<u>15</u>	<u>6</u>
	<u>277</u>	<u>124</u>

The average number of employees (including directors) during the year was as follows:

	<b>2019 Number</b>	<b>2018 Number</b>
Administration	<u>4</u>	<u>2</u>

No remuneration was paid, or is payable, to the directors in their capacity as directors to the Company in the current or previous year.

The directors receive remuneration from a fellow group undertaking, Volution Group plc, 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 £1,652,000 (2018: £1,510,000). It is not possible to identify the proportion of this remuneration that relates to services to the Company.

# Volusion Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (continued)

### 7 Taxation on profit on ordinary activities

	2019 £'000	2018 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	23	85
Adjustment in respect of previous years	(42)	(1)
<b>Total current tax</b>	<b>(19)</b>	<b>84</b>
<i>Deferred tax</i>		
Current year deferred tax	(19)	—
Origination and reversal of timing differences	—	(23)
Changes to tax rates	2	2
Adjustment in respect of previous years	—	1
	<b>(17)</b>	<b>(20)</b>
<b>Taxation on profit on ordinary activities</b>	<b>(36)</b>	<b>64</b>

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	24,542	11,708
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,663	2,225
Effects of:		
Adjustment in respect of previous years	(42)	—
Income not taxable for tax purposes	(4,659)	(2,163)
Effect of difference in tax rates	2	2
<b>Total tax (credit)/charge for year</b>	<b>(36)</b>	<b>64</b>

The Finance Act 2016, enacted on 15 September 2016, included a further rate change. The 18% rate enacted in the Finance (No. 2) Act 2015 will reduce by 1%, so that from 1 April 2020, the mainstream corporation tax rate will become 17%. These changes were reflected in the figures in these financial statements.

### 8 Dividends

	2019 £'000	2018 £'000
Ordinary shares		
Interim paid of £131.74 (2018: £55.18) per share	23,420	9,810

# **Volution Holdings Limited**

**Notes forming part of the financial statements  
for the year ended 31 July 2019 (*continued*)**

## **9 Intangible assets**

**Software  
costs  
£'000**

<i>Cost</i>	
At 1 August 2018	5,293
Additions	366
	<hr/>
At 31 July 2019	<b>5,659</b>
	<hr/>
<i>Amortisation</i>	
At 1 August 2018	937
Provision for year	549
	<hr/>
At 31 July 2019	<b>1,486</b>
	<hr/>
<i>Net book value</i>	
At 31 July 2019	<b>4,173</b>
	<hr/>
At 31 July 2018	<b>4,356</b>
	<hr/>

## **10 Tangible assets**

**Fixtures &  
fittings  
£'000**

<i>Cost</i>	
At 1 August 2018	375
Additions	-
	<hr/>
At 31 July 2019	<b>375</b>
	<hr/>
<i>Depreciation</i>	
At 1 August 2018	184
Provision for year	20
	<hr/>
At 31 July 2019	<b>204</b>
	<hr/>
<i>Net book value</i>	
At 31 July 2019	<b>171</b>
	<hr/>
At 31 July 2018	<b>191</b>
	<hr/>

## **11 Investments**

**£'000**

<i>Cost:</i>	
As at 1 August 2018 and 31 July 2019	<b>14,382</b>
	<hr/>

# Volusion Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (continued)

### 11 Investments (continued)

The investment at 31 July 2019 represents a 100% shareholding in Volusion Ventilation Group Limited (an intermediate parent undertaking) and Torin Sifan Limited (an original equipment manufacturer); both of which are incorporated in England and Wales and share the same registered office as the company.

At 31 July 2019, Volusion Ventilation Group Limited held 100% of the voting shares of the following subsidiaries:

Group company	Principal activity	Country of Incorporation
Manrose Manufacturing Limited <sup>1</sup>	Non-trading	England
Volusion Ventilation Group Limited <sup>1</sup>	Intermediate holding company	England
Anda Products Limited <sup>1</sup>	Non-trading	England
Axia Fans Limited <sup>1</sup>	Non-trading	England
Roof Units Limited <sup>1</sup>	Non-trading	England
Torin Limited <sup>1</sup>	Non-trading	England
Vent-Axia Limited <sup>1</sup>	Non-trading	England
Vent-Axia Clean Air Systems Limited <sup>1</sup>	Non-trading	England
Vent-Axia Group Limited <sup>1</sup>	HR services to the Group	England
NVA Services Limited <sup>1</sup>	Non-trading	England
SW National Ventilation Limited <sup>1</sup>	Non-trading	England
Airtech Humidity Controls Limited <sup>1</sup>	Non-trading	England
Sens-Air Limited <sup>1</sup>	Non-trading	England
Breathing Buildings Limited <sup>1</sup>	Non-trading	England
Volusion Ventilation UK Limited <sup>1</sup>	Ventilation products	England
Volusion Holdings Sweden AB <sup>2</sup>	Intermediate holding company	Sweden
Fresh AB <sup>2</sup>	Ventilation products	Sweden
Welair AB <sup>3</sup>	Ventilation products	Sweden
VoltAir System AB <sup>4</sup>	Ventilation products	Sweden
PAX AB <sup>5</sup>	Ventilation products	Sweden
Volusion Norge AS (formerly Fresh Norge AS) <sup>6</sup>	Ventilation products	Norway
Fresh Shanghai Limited <sup>7</sup>	Ventilation products	China
inVENTer GmbH <sup>8</sup>	Ventilation products	Germany
Volusion Management Holdings GmbH <sup>8</sup>	Intermediate holding company	Germany
Volusion Deutschland Real Estate GmbH <sup>8</sup>	Property holding company	Germany
Brüggemann Energiekonzepte GmbH <sup>9</sup>	Ventilation products	Germany
Ventilair Group International BVBA <sup>10</sup>	Intermediate holding company	Belgium
Ventilair Group Belgium BVBA <sup>10</sup>	Ventilation products	Belgium
Ventilair Group Netherlands B.V. <sup>11</sup>	Ventilation products	Netherlands
Ventilair France SARL <sup>12</sup>	Ventilation products	France
Volusion Ventilation New Zealand Limited (formerly Chinook Limited) <sup>13</sup>	Intermediate holding company	New Zealand
Simx Limited <sup>13</sup>	Ventilation products	New Zealand
Woomera Ventilation Pty Limited <sup>14</sup>	Intermediate holding company	Australia
Ventair Pty Limited <sup>14</sup>	Ventilation products	Australia

<sup>1</sup> Registered office: Fleming Way, Crawley, West Sussex RH10 9YX

<sup>2</sup> Registered office: Gransholmsvägen 136, 35599 Gemla, Sweden

<sup>3</sup> Registered office: Strandvägen 65, 87052 Nyland, Sweden

<sup>4</sup> Registered office: Box 7033, 12107 Stockholm-Globen, Sweden

<sup>5</sup> Registered office: Kattkärrsvägen 4, 64831 Hälleforsnäs, Sweden

<sup>6</sup> Registered office: Professor Birkelands vei 24B, 1081 Oslo, Norway

<sup>7</sup> Registered office: No. 272-3 Julu Road, Shanghai, China

<sup>8</sup> Registered office: Ortsstraße, 4a 07751 Löberschütz, Germany

<sup>9</sup> Registered office: Uhlenhorst 149A, 21435 Stelle, Germany

<sup>10</sup> Registered office: Pieter Verhaeghestraat 8, 8520 Kuurne, Belgium

<sup>11</sup> Registered office: Kerver 16, 5521 DB Eersel, Netherlands

<sup>12</sup> Registered office: Boulevard de la Liberté 130, FR-59000 Lille, France

<sup>13</sup> Registered office: 1 Haliday Place, East Tamaki, Auckland, 2013, New Zealand

<sup>14</sup> Registered office: 4 Capital Pl, Carrum Downs VIC 3201, Australia (Acquired during the year)



# **Volution Holdings Limited**

## **Notes forming part of the financial statements for the year ended 31 July 2019 (continued)**

### **12 Trade and other receivables**

	2019 £'000	2018 £'000
Amounts owed by group undertakings	5,028	4,178
Other debtors	27	153
Income tax	325	—
	<u>5,380</u>	<u>4,331</u>

### **13 Trade and other payables: amounts falling due within one year**

	2019 £'000	2018 £'000
Trade payables	101	144
Amounts owed to group undertakings	746	1,032
Income tax	—	312
Other creditors	28	1
Other taxation and social security	6	6
Accruals and deferred income	—	22
	<u>881</u>	<u>1,517</u>

### **14 Deferred taxation**

	1 August 2018 £'000	Credited to Income £'000	31 July 2019 £'000
Temporary differences: Depreciation and amortisation charged in advance of capital allowances	<u>(166)</u>	<u>17</u>	<u>(149)</u>

The Company has no unused tax losses or credits.

# Volution Holdings Limited

## Notes forming part of the financial statements for the year ended 31 July 2019 (*continued*)

### 15 Share capital

	2019 £'000	2018 £'000
<i>Authorised, called up and fully paid</i>		
177,781 (2018: 177,781) ordinary shares of £0.000001 each	-	-

### 16 Related party disclosures

The Company has taken advantage of the exemption available under FRS 101 from the requirements in IAS 24 Related Party Disclosures 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.

### 17 Controlling parties

The Company's immediate parent undertaking is Volution Group Plc.

The parent undertaking of the largest and smallest group for which consolidated financial statements are drawn up that include the results of the Company is Volution Group plc, a public company incorporated in England and Wales. Copies of the group financial statements of Volution Group plc are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The directors consider the ultimate parent and controlling party of the Company to be Volution Group plc.