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Volusion Limited

Report and Financial Statements

31 July 2012

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COMPANIES HOUSE

Volution Limited

Directors

R A George
I Jamieson

Auditors

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

Registered Office

Fleming Way
Crawley
West Sussex RH10 9YX

Directors' report

The directors of Volution Limited ('the Company') present their report and financial statements for the year ended 31 July 2012

Results and dividends

The Company generated a loss for the year of £1,032,000 (2011 – £1,125,000) The directors do not recommend a final dividend (2011 – nil)

Principal activities and review of the business

Volution 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 16) 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's key financial performance indicators are as follows

| | 2012 £000 | 2011 £000 | Change % |
|---|--------------|--------------|-------------|
| Turnover (management fee income) | 128 | 149 | (14.1%) |
| Loss on ordinary activities before taxation | (1,382) | (1,548) | 10.7% |

Subsequent to the year-end the Company completed its acquisition of 'Fresh AB', a leading ventilation manufacturer in Sweden Total purchase consideration comprised cash consideration of £7,345,681 and deferred consideration of £847,937, which is dependent on the business meeting certain performance targets

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to include potential impairment of the Company's investments To mitigate against exposure to this risk, the Company reviews the financial performance of its investments on a regular basis

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 4 and should be read in conjunction with this statement

Directors' report Directors' report (continued)

Directors

The directors who served the Company during the year and subsequent to the year end were as follows

R A George (appointed 3 February 2012)
I Jamieson (appointed 19 September 2012)
R R R Davis (appointed 3 February 2012 & resigned 19 September)
S J Diamond (resigned 3 February 2012)
L F Rutter (resigned 3 February 2012)
K Sargeant (resigned 3 February 2012)

Directors' liabilities

The company has Directors and Officers insurance to cover its directors against liability or proceeding brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such insurance was in place during the year and remains in place at the date of approving the director's report.

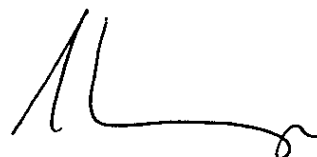
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he 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.

By order of the Board



I Jamieson
Director
Date 21 November 2012



R George
Director
Date 21 November 2012

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 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 Volution Limited

We have audited the financial statements of Volution Limited for the year ended 31 July 2012 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 16. 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 July 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Volution Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Julian Gray (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

Date *23 November 2012*

Profit and loss account

for the year ended 31 July 2012

| | Notes | 2012 £000 | 2011 £000 |
|--|-------|--------------|--------------|
| Turnover | 2 | 128 | 149 |
| Operating expenses | | (128) | (149) |
| Operating profit / (loss) | 3 | – | – |
| Interest receivable | 5 | 498 | – |
| Interest payable | 6 | (1,880) | (1,548) |
| Loss on ordinary activities before taxation | | (1,382) | (1,548) |
| Tax on loss on ordinary activities | 7 | 350 | 423 |
| Loss for the financial year | 13 | (1,032) | (1,125) |

The results for the year arise solely from continuing operations

Statement of total recognised gains and losses

for the year ended 31 July 2012


There are no recognised gains or losses other than the loss for the year of £1,032,000 (2011 – £1,125,000)

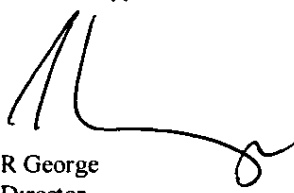
Balance sheet

at 31 July 2012

| | Notes | 2012 £000 | 2011 £000 |
|--|-------|--------------|--------------|
| Fixed assets | | | |
| Investments | 8 | 104,962 | 104,962 |
| Current assets | | | |
| Debtors | | | |
| amounts falling due after one year | 9 | 11,570 | 3,468 |
| amounts falling due within one year | 9 | 363 | 423 |
| Cash at bank and in hand | | 34 | 177 |
| | | 11,967 | 4,068 |
| Creditors amounts falling due within one year | 10 | – | (49) |
| Net current assets | | 11,967 | 4,019 |
| Total assets less current liabilities | | 116,929 | 108,981 |
| Creditors amounts falling due after one year | 11 | (34,646) | (25,666) |
| Net assets | | 82,283 | 83,315 |
| Capital and reserves | | | |
| Called up share capital | 12 | – | – |
| Profit and loss account | 13 | 82,283 | 83,315 |
| Shareholders' funds | 13 | 82,283 | 83,315 |

The financial statements were authorised for issue on 21 November 2012 and approved on behalf of the board of directors by


I Jamieson
Director
Date 21 November 2012


R George
Director
Date 21 November 2012

Notes to the financial statements

at 31 July 2012

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 16, 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 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 16), which are publicly available.

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.

Revenue recognition

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

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 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 2012

2 Turnover

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

3. Operating profit / (loss)

Operating profit / (loss) is stated after charging

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Auditors' remuneration | – | 5 |
| The 2012 audit fee was borne by a fellow group undertaking | | |

4. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2011 – nil). The directors receive remuneration from a fellow intermediate parent undertaking, Volution Holdings 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 £773,000 (2011 – £1,052,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

5. Interest receivable

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| On amounts due from parent undertakings | 498 | – |

6. Interest payable

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| On amounts due to other group undertakings | 1,880 | 1,548 |

7. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

| | 2012 £000 | 2011 £000 |
|---|--------------|--------------|
| Current tax | | |
| UK corporation tax on the loss for the year | 350 | 423 |
| Total current tax (note 7(b)) | 350 | 423 |

Notes to the financial statements (continued)

at 31 July 2012

7. Tax (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25.33% (2011 – 27.33%). The differences are explained below

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (1,382) | (1,548) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.33% (2011 – 27.33%) | (350) | (423) |
| Current tax for the year (note 7(a)) | (350) | (423) |

8. Investments

| | 2012 £000 | 2011 £000 |
|------------|--------------|--------------|
| At cost | | |
| At 31 July | 104,962 | 104,962 |

The investment represents a 100% shareholding in Vent-Axia Group Limited (an intermediate parent undertaking), incorporated in England and Wales, which has interests in the following Companies

| | Country of incorporation | Proportion of shares held | Nature of business |
|-------------------------------------|-----------------------------|------------------------------|-----------------------|
| Direct | | | |
| Vent-Axia Group Limited | England | 100% | Air movement products |
| Indirect | | | |
| Torin Sifan Limited | England | 100% | Air movement products |
| Anda Products Limited | England | 100% | Unremunerated agent |
| Axia Fans Limited | England | 100% | Dormant |
| NCA Manufacturing Limited | England | 100% | Dormant |
| Roof Units Limited | England | 100% | Unremunerated agent |
| Sifan Systems Limited | England | 100% | Unremunerated agent |
| Torin Limited | England | 100% | Unremunerated agent |
| Torin Holdings Limited | England | 100% | Non trading |
| Tradewinds Ventilation Limited | England | 100% | Dormant |
| Vent-Axia Limited | England | 100% | Unremunerated agent |
| Vent-Axia Air Conditioning Limited | England | 100% | Dormant |
| Vent-Axia Clean Air Systems Limited | England | 100% | Unremunerated agent |
| Vent-Axia Ventilation Limited | England | 100% | Dormant |

Notes to the financial statements (continued)

at 31 July 2012

8. Investments (continued)

During the prior financial year, the Company waived its entitlement to dividends on 7% preference shares held in Vent-Axia Group Limited. This waiver will continue to be effective until further notice.

9. Debtors

| | 2012 £000 | 2011 £000 |
|--------------------------------------|--------------|--------------|
| Amounts falling due within one year | | |
| Other debtors | 13 | – |
| Amounts due from group undertakings | 350 | 423 |
| | <u>363</u> | <u>423</u> |
| Amounts falling due after one year | | |
| Amounts due from parent undertakings | 11,570 | 3,468 |

Amounts due from parent undertakings due after one year represents a loan from an intermediate parent undertaking, Volusion Holdings Limited. This loan has no fixed date for repayment and carries interest at 7.30% per annum compounded half yearly on 31 January and 31 July.

10. Creditors: amounts falling due within one year

| | 2012 £000 | 2011 £000 |
|-----------------|--------------|--------------|
| Other creditors | – | 49 |

11. Creditors: amounts falling due after one year

| | 2012 £000 | 2011 £000 |
|--|--------------|--------------|
| Amounts owed to other group undertakings | 34,646 | 25,666 |

Amounts owed to other group undertakings represent two loans from fellow group companies. The main terms of these loans are as follows:

- £31,127,000 (2011 – £22,369,000), which has no fixed date for repayment and carries interest at 7.30% per annum compounded half yearly on 31 January and 31 July, and
- £3,519,000 (2011 – £3,297,000), which has no fixed date for repayment and carries interest at 7.30% per annum compounded half yearly on 31 January and 31 July.

The directors have received confirmation that the loans will not be called within 12 months of the date of approving these financial statements.

Notes to the financial statements (continued)

at 31 July 2012

12. Issued share capital

| | 2012 | | 2011 | |
|---|-----------|----------|-----------|----------|
| <i>Allotted, called up and fully paid</i> | <i>No</i> | <i>£</i> | <i>No</i> | <i>£</i> |
| Ordinary shares of £1 each | 1 | <u>1</u> | 1 | <u>1</u> |

13. Reconciliation of shareholders' funds and movements on reserves

| | <i>Share capital</i> | <i>Profit and loss account</i> | <i>Total shareholders' funds</i> |
|-------------------|----------------------|--------------------------------|----------------------------------|
| | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| At 1 August 2010 | – | 84,440 | 84,440 |
| Loss for the year | – | (1,125) | (1,125) |
| At 1 August 2011 | – | 83,315 | 83,315 |
| Loss for the year | – | (1,032) | (1,032) |
| At 31 July 2012 | – | <u>82,283</u> | <u>82,283</u> |

14. Contingent liabilities

The Company guaranteed bank loans of £45,111,000 held by Darwin Mezzanine Limited (an intermediate parent undertaking) with Royal Bank of Scotland plc on a joint and several basis with other Group undertakings. These loans were redeemed in the year.

During the year, the Company agreed to co-guarantee bank loans of £75,000,000 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 chargor for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets.

15. 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 Windmill Topco Limited Group, as 100% of the Company's voting rights are controlled within the Group and the Group financial statements in which the Company is Group are publicly available.

Notes to the financial statements (continued)

at 31 July 2012

16. Ultimate Parent undertaking and controlling party

The Company's immediate parent undertaking is Volution Holdings Limited. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Windmill Holdings BV, a company incorporated in the Netherlands. The parent undertaking of the largest group in the United Kingdom for which group financial statements are drawn up and of which the Company is a member is Windmill Topco Limited. The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Windmill Cleanco Limited. Copies of the group financial statements of Windmill Topco Limited and Windmill Cleanco Limited are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The majority shareholder in Windmill Topco Ltd is Windmill Holdings BV, a Company incorporated in the Netherlands and indirectly owned by TowerBrook Investors III, L P, TowerBrook Investors III Executive Fund, L P and TowerBrook Investors III (Parallel) L P ('the Funds'). Windmill Holdings BV is regarded as the direct controlling party of the Company and the Funds are regarded as the ultimate controlling parties of the Company.