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# **Volution Ventilation Group Limited (formerly Volution Limited)**

## **Report and Financial Statements**

31 July 2013

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COMPANIES HOUSE

**Directors**

R A George

I Jamieson (appointed 19 September 2012)

R R R Davis (resigned 19 September 2012)

**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 Ventilation Group Limited ('the Company') present their report and financial statements for the year ended 31 July 2013

### Results and dividends

The Company generated a loss for the year of £1,253,000 (2012 – £1,032,000) The directors do not recommend a final dividend (2012 – nil)

### Principal activities, review of the business and subsequent events

During the year, on 9 October 2012, the company changed its name from Volution Limited to Volution Ventilation Group Limited

Volution Ventilation Group 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 (set out in note 15) 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

	2013 £000	2012 £000	Change %
Turnover (management fee income)	155	128	21 1%
Loss on ordinary activities before taxation	(1,641)	(1,382)	18 7%

The results of the Company fluctuate based on the level of activity in other group companies

Subsequent to the year-end, Volution Sweden AB (a wholly owned subsidiary), completed the acquisition of 'PAX AB' and 'PAX AS'. Both companies are considered to be leading ventilation manufacturers in their respective locations, Sweden and Norway

### 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

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

## Directors' report (continued)

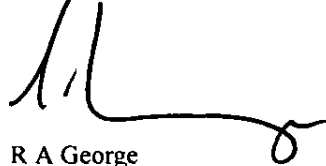
### Disclosure of information to the auditors

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.

### 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.

By order of the Board



R A George  
Director



I Jamieson  
Director

28 NOV 2013

## **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 Ventilation Group Limited (formerly Volution Limited)**

We have audited the financial statements of Volution Ventilation Group Limited (formerly Volution Limited) for the year ended 31 July 2013 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 15. 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 2013 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**

**to the members of Volution Ventilation Group Limited (formerly Volution 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*

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

**28 NOV 2013**

## Profit and loss account

for the year ended 31 July 2013

	Notes	2013 £000	2012 £000
<b>Turnover</b>	2	155	128
Operating expenses		(139)	(128)
<b>Operating profit</b>	3	16	–
Interest receivable	5	1,137	498
Interest payable	6	(2,794)	(1,880)
<b>Loss on ordinary activities before taxation</b>		(1,641)	(1,382)
Tax on loss on ordinary activities	7	388	350
<b>Loss for the financial year</b>	12	(1,253)	(1,032)

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 2013

There are no recognised gains or losses other than the loss for the year of £1,253,000 (2012 – £1,032,000 loss)



## Balance sheet

at 31 July 2013

	Notes	2013 £000	2012 £000
<b>Fixed assets</b>			
Investments	8	127,669	104,962
<b>Current assets</b>			
Debtors			
amounts falling due after one year	9	17,588	11,570
amounts falling due within one year	9	801	363
Cash at bank and in hand		20	34
<b>Net current assets</b>		18,409	11,967
<b>Total assets less current liabilities</b>		146,078	116,929
<b>Creditors: amounts falling due after one year</b>	10	(57,177)	(34,646)
<b>Net assets</b>		88,901	82,283
<b>Capital and reserves</b>			
Called up share capital	11	—	—
Capital contribution	12	20,818	—
Foreign currency translation reserve	12	444	—
Profit and loss account	12	67,639	82,283
<b>Shareholders' funds</b>	12	88,901	82,283

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



R A George  
Director



I Jamieson  
Director

28 NOV 2013

## Notes to the financial statements

at 31 July 2013

### 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 15, 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 15), 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 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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account with the exception of foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign currency investments, which are taken directly to reserves.

## Notes to the financial statements (continued)

at 31 July 2013

### 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

Operating profit is stated after charging

	2013 £000	2012 £000
Auditors' remuneration	—	—

The current and prior year audit fees were 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 (2012 – nil). The directors receive remuneration from a fellow group undertaking, Volusion 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 £709,000 (2012 – £773,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

### 5. Interest receivable

	2013 £000	2012 £000
On amounts due from parent undertakings	1,137	498

### 6. Interest payable

	2013 £000	2012 £000
On amounts due to other group undertakings	2,794	1,880

## Notes to the financial statements (continued)

at 31 July 2013

### 7. Tax

(a) Tax on loss on ordinary activities

The tax credit for the year is made up as follows

	2013 £000	2012 £000
<b>Current tax:</b>		
UK corporation tax on the loss for the year	388	350
Total current tax (note 7(b))	388	350

(b) Factors affecting the tax credit for the year

The tax assessed for the current and prior years are equal to the standard rate of corporation tax in the UK of 23.67% (2012 – 25.33%)

### 8. Investments

	Subsidiary undertakings £000
At cost	
At 1 August 2012	104,962
Additions	22,707
At 31 July 2013	127,669

Additions during the year comprise the following

- 1 On 26 September 2012, the company acquired the share capital of Volusion Sweden AB for £1,889,000. This also resulted in the Company obtaining a 100% indirectly held interest in Fresh AB, Fresh Norge AS and Fresh Shanghai Limited, and
- 2 On 22 July 2013, as part of a group restructuring programme, the company received a distribution of the entire share capital of Manrose Manufacturing Limited for £20,818,000 from a fellow group undertaking. The investment was transferred at cost and no consideration was payable. As part of the same programme, the Company also waived £13,391,000 due from Volusion Holdings Limited.

## Notes to the financial statements (continued)

at 31 July 2013

### 8. Investments (continued)

Details of the investments which the company holds are set-out below

	<i>Country of incorporation</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
<b>Direct</b>			
Vent-Axia Group Limited	England	100%	Air movement products
Manrose Manufacturing Limited	England	100%	Air movement products
Volusion Sweden AB	Sweden	100%	Holding company
<b>Indirect</b>			
Anda Products Limited	England	100%	Unremunerated agent
Axia Fans Limited	England	100%	Dormant
Roof Units Limited	England	100%	Unremunerated agent
Torin Limited	England	100%	Unremunerated agent
Vent-Axia Limited	England	100%	Unremunerated agent
Vent-Axia Clean Air Systems Limited	England	100%	Unremunerated agent
Fresh AB	Sweden	100%	Air movement products
Fresh Norge AS	Norway	100%	Air movement products
Fresh Shanghai Limited	China	100%	Air movement products

During the year, the following companies, which the Company previously indirectly held a 100% interest in were liquidated

Tradewinds Ventilation Limited	England	100%	Dormant
Vent-Axia Air Conditioning Limited	England	100%	Dormant
Vent-Axia Ventilation Limited	England	100%	Dormant
Sifan Systems Limited	England	100%	Unremunerated agent
Torin Holdings Limited	England	100%	Non trading
NCA Manufacturing Limited	England	100%	Dormant

During prior financial years, 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

	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
Amounts falling due within one year		
Other debtors	54	13
Amounts due from group undertakings	747	350
	<u>801</u>	<u>363</u>
Amounts falling due after one year		
Amounts due from parent undertakings	17,588	11,570

## Notes to the financial statements (continued)

at 31 July 2013

### 9. Debtors (continued)

Amounts due from parent undertakings represent loans to fellow group companies. The main terms of these loans are as follows:

- £1,912,000 (2012 – £11,570,000), which has no fixed date for repayment and carries interest at 7.3% per annum compounded half yearly on 31 January and 31 July,
- £6,676,000 (2012 – nil), which has no fixed date for repayment and carries interest at 7.3% per annum compounded half yearly on 31 January and 31 July, and
- £9,000,000 (2012 – nil), which is repayable in 2019 and carries interest at a margin of 6% above the SEK LIBOR rate.

The directors have provided confirmation that the first two loans will not be called within 12 months of the date of approving these financial statements. Amounts due from parent undertakings are accounted for as a net investment in foreign operation and all unrealised foreign exchange movements are recognised in reserves.

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

	2013 £000	2012 £000
Amounts owed to other group undertakings	57,177	34,646

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

- £44,410,000 (2012 – £31,127,000), which has no fixed date for repayment and carries interest at 7.3% per annum compounded half yearly on 31 January and 31 July,
- £3,781,000 (2012 – £3,519,000), which has no fixed date for repayment and carries interest at 7.3% per annum compounded half yearly on 31 January and 31 July, and
- £8,986,000 (2012 – Nil), which is repayable in 2019 and carries interest at a margin of 6% above the SEK LIBOR rate.

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

### 11. Issued share capital

	2013		2012	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	1	1	1	1

## Notes to the financial statements (continued)

at 31 July 2013

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

	<i>Share capital £000</i>	<i>Capital contribution £000</i>	<i>Foreign currency translation reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 August 2011	—	—	—	83,315	83,315
Loss for the year	—	—	—	(1,032)	(1,032)
At 1 August 2012	—	—	—	82,283	82,283
Loss for the year	—	—	—	(1,253)	(1,253)
Transfer of investment from a fellow group undertaking (note 8)	—	20,818	—	—	20,818
Wavier of debt due from a fellow group undertaking (note 8)	—	—	—	(13,391)	(13,391)
Translation of net investment in foreign operation	—	—	444	—	444
At 31 July 2013	—	20,818	444	67,639	88,901

### 13. Contingent liabilities

During the year, the Company agreed to co-guarantee bank loans of £71,611,000 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.

### 14. 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 ('the Group'), as 100% of the Company's voting rights are controlled within the Group and the Group financial statements in which the Company is a member are publicly available.

### 15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Volusion 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.

## **Notes to the financial statements (continued)**

at 31 July 2013

### **15. Ultimate parent undertaking and controlling party (continued)**

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