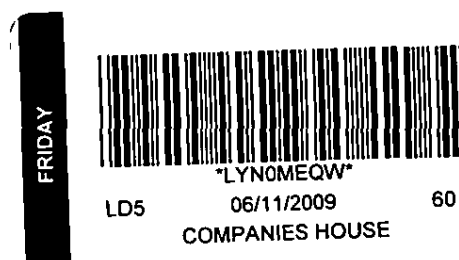


5841596

## Darwin Bond Limited

### Report and Financial Statements

31 July 2009



# Darwin Bond Limited

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Registered No. 5841596

## **Directors**

S J Diamond  
L F Rutter  
K Sargeant

## **Secretary**

S J Diamond

## **Auditors**

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

## **Registered Office**

Fleming Way  
Crawley  
West Sussex RH10 9YX

## Directors' report

The directors present their report and financial statements for the year ended 31 July 2009.

### Results and dividends

The loss for the year after taxation amounted to £305,000 (2008 – loss of £93,000).

The directors do not recommend the payment of a dividend.

### Principal activity and review of the business

The company is an intermediate holding company providing funds to its subsidiary which has subsidiaries engaged in the design, manufacture and distribution of unitary and systems ventilation products and include a number of respected brands in the ventilation industry.

The Company's key financial performance indicator during the year was:

	2009	2008	Change
	£'000	£'000	%
Profit Before Tax	1,567	2,650	-40.9%

The 41% decrease in profit before tax is primarily a result of the prior year containing a compensating payment receivable from bond holders which covered the twenty four month period to 31 July 2008. The current year compensating payment receivable covers the twelve month period ending 31 July 2009 (detailed in note 4).

On the 13 November 2008 the Deep Discounted Bonds ('DDB's') were repaid and refinanced by Payment In Kind ('PIK') notes, listed in the Guernsey stock exchange, containing, in all material respects, the same interest and repayment obligations for the company.

### Future developments

The company will continue with its principal activity and expects future income to cover its interest exposure.

### Directors

The directors who served during the year are as listed on page 1.

### Principal risks and uncertainties

The directors consider the principal risk and uncertainty facing the Company to be include future liquidity risk and potential impairment of the Company's investments (detailed in note 6).

Liquidity risk is risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow is regularly monitored using weekly and monthly reporting and the company is therefore aware of the working capital commitment. To the best of the directors' knowledge there are no foreseeable constraints in discharging obligations in near future. The company also reviews its long term funding requirements in parallel with its long term strategy with an objective of aligning both in a timely manner.

The company reviews the financial performance of its investments on a regular basis.

## Directors' report

### Going concern

The financial statements have been prepared on a going-concern basis. The directors confirm, after making appropriate enquiries, they have a reasonable expectation 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.

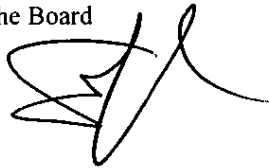
### Disclosure of information to the auditors

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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Ernst & Young LLP will remain as auditors to the Company by virtue of an elective resolution passed on 7 November 2007.

On behalf of the Board



S J Diamond  
Secretary  
6 November 2009

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 .

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## **Independent auditors' report**

**to the members of Darwin Bond Limited**

We have audited the financial statements of Darwin Bond Limited for the year ended 31 July 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 12. 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 Sections 495 and 496 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 auditors**

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 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 (APB'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.

### **Opinion on 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 2009 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 Darwin Bond 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*  
*Julie Carlyle (Senior statutory auditor)*

*for and on behalf of Ernst & Young LLP, Statutory Auditor*

*London*

*Date 6 November 2009*

## Profit and loss account

for the year ended 31 July 2009

	<i>Notes</i>	<i>2009</i> <i>£000</i>	<i>2008</i> <i>£000</i>
Interest receivable	3	9,993	8,908
Interest payable and similar charges	4	(8,426)	(6,258)
<b><i>Profit on ordinary activities before tax</i></b>	2	<u>1,567</u>	<u>2,650</u>
Tax on profit on ordinary activities	5	(1,872)	(2,743)
<b><i>Profit/(loss) for the year</i></b>	10	<u>(305)</u>	<u>(93)</u>

## Statement of total recognised gains and losses

for the year ended 31 July 2009

There are no recognised gains and losses other than those disclosed in the profit and loss account above.

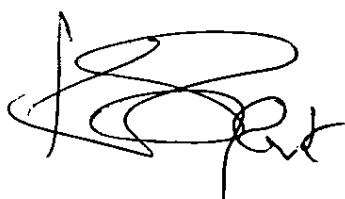


## Balance sheet

at 31 July 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Investment in subsidiary undertaking	6	913	913
<b>Current assets</b>			
<b>Debtors:</b> amounts falling due within one year	7	2,205	2,724
amounts falling due in more than one year	7	79,078	69,027
<b>Creditors:</b> amounts falling due within one year	8	(2,356)	(2,743)
<b>Net current assets</b>		78,927	69,008
<b>Total assets less current liabilities</b>		79,840	69,921
<b>Creditors:</b> amounts falling due in more than one year	8	(79,504)	(69,280)
<b>Net assets</b>		336	641
<b>Capital and reserves</b>			
Called up share capital	9	913	913
Profit and loss account	10	(577)	(272)
<b>Equity Shareholders' funds</b>	10	336	641

Approved by the Board on 6 November 2009 and signed on its behalf by:



K. Sargeant  
Director



S J Diamond  
Director

## Notes to the financial statements

at 31 July 2009

### 1 Accounting policies

#### *Basis of preparation*

The financial statements of Darwin Bond Limited were approved for issue by the Board of Directors on 6 November 2009.

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

The Company is exempt from the requirement to prepare group financial statements by virtue of section 400(4) of Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking.

#### *Going Concern*

Notwithstanding the loss incurred during the year, the financial statements have been prepared on a going concern basis, which the directors believe to be appropriate as it is mainly due to the interest on long term loans which is rolled up and hence not payable until maturity in 2016, thus not draining cash resources. A cash flow forecast indicates that the company will be able to meet its liabilities as they fall due for the foreseeable future.

The directors confirm, after making appropriate enquiries, they have a reasonable expectation the Group 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.

#### *Statement of cash flows*

A statement of cash flows has not been prepared as the Company is a wholly owned subsidiary of a parent which prepares consolidated financial statements available to the public.

#### *Investments*

Investments are stated at cost less provision for any impairment in value.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Deferred taxation*

Deferred tax 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 tax, with the following exceptions:

- Provision is made for deferred tax that would arise on remittance of 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 taxable profits will be available 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 denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences arising in the ordinary course of business are included in the profit and loss account.

## Notes to the financial statements

at 31 July 2009

### Interest Income

Income is recognised as interest accrues.

### Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the interest cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Finance costs of debts are allocated over the term of the debt as a constant rate on the carrying amount.

## 2. Profit on ordinary activities before tax

The directors did not receive any emoluments from the company during the year (2008 – Nil). The directors are also directors of the group's parent undertaking, Volution Group Limited and receive emoluments from that company in respect of services to the group headed by that company.

The Company had no employees during the year (2008 – Nil).

The auditors' remuneration (£3,000, 2008 - £3,000) has been borne by another group undertaking, Volution Group Limited.

## 3. Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable on amounts owed by group undertakings	9,993	8,908

## 4. Interest payable and similar charges

	2009 £000	2008 £000
Interest payable on deep discount bonds*	2,143	6,722
Interest payable on PIK notes*	5,591	-
Interest payable on non QCB loan notes	664	577
Interest paid to parent company on loan	255	247
Adjustment to prior year deep discount bond interest compensation*	(227)	(1,288)
	8,426	6,258

\*The amount of interest payable on the deep discount bonds 2016 for the year ended 31 July 2009 and 2008 and on the PIK notes 2016 (see note 8) for the year ended 31 July 2009 have been reduced by £1,721,000 (2008:£2,724,000) to reflect a compensation agreement with the bond holder regarding non-deductibility for tax purposes of a portion of the interest cost.

Adjustment to prior year deep discount bond interest compensation reflects the additional amount received during the year in relation to compensation agreement.

## Notes to the financial statements

at 31 July 2009

### 5. Tax

#### (a) Analysis of charge in year

	2009	2008
	£000	£000
<i>Current tax</i>		
UK corporation tax on the loss for the year	1,735	1,516
Adjustment in respect of prior year	137	1,227
Total current tax charge (note 5(b))	<u>1,872</u>	<u>2,743</u>

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 – 29.33%). The differences are explained below:

	2009	2008
	£000	£000
Profit/(loss) on ordinary activities before tax	1,567	2,650
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 29.33%)	439	777
Effects of:		
PIK Note/DDB interest not deductible for tax purposes	1,296	739
Adjustment in respect of prior year	137	1,227
Current tax charge for the year (note 5(a))	<u>1,872</u>	<u>2,743</u>

### 6. Investment in subsidiary undertakings

	2009	2008
	£000	£000
Cost:		
At 31 July 2009 and 2008	<u>913</u>	<u>913</u>

## Notes to the financial statements

at 31 July 2009

### 6. Investment in subsidiary undertakings (continued)

The investment represents a 100% shareholding in Darwin Mezzanine Limited (an intermediate holding company) which has interests in the following companies:

<i>Company</i>	<i>Country of incorporation</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Volution Holdings Limited	England	100%	Holding company
Manrose Manufacturing Limited	England	100%	Air movement products
Volution Limited	England	100%	Intermediate holding company
Vent-Axia Group Limited	England	100%	Air movement products
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
Willow Plastics Limited	England	100%	Dormant

### 7. Debtors

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
Amounts falling due within one year:		
Other debtors	2,205	2,724
	<u>          </u>	<u>          </u>
Amounts falling due in more than one year:		
Amounts owed by group undertakings	79,078	69,027
	<u>          </u>	<u>          </u>

Amounts owed by group undertakings represents loans to Darwin Mezzanine Limited. There is no fixed date for repayment of a larger loan (£73,993,000) which carries interest at 14.24% per annum compounded six monthly. A smaller loan (£5,085,000) has a fixed repayment date of 2016 and carries interest at 14.24% compounded quarterly.

## Notes to the financial statements

at 31 July 2009

### 8. Creditors

	2009	2008
	£000	£000
Amounts falling due within one year:		
Amounts owed to group undertakings	1,872	2,743
Corporation tax	484	-
	<u>2,356</u>	<u>2,743</u>
Amounts falling due in more than one year:		
PIK Notes of £65,097,000 repayable in 2016 (2008 - Unsecured deep discount bonds 2016)	71,933	62,477
Unsecured non QCB loan notes of £3,337,000 repayable in 2016	5,085	4,421
Amounts owed to parent company	2,486	2,382
	<u>79,504</u>	<u>69,280</u>

On the 13 November 2008 the Deep Discounted Bonds ('DDB's') were repaid and refinanced by Payment In Kind ('PIK') notes containing, in all material respects, the same interest and repayment obligations for the group.

The PIK notes and the non QCB loan notes are unsecured and are repayable in one instalment in 2016. Both loans carry interest at 14.24% per annum compounded quarterly.

Amounts owed to the parent company represent a loan from the immediate parent company, Volution Group Limited. There is no fixed date for repayment and interest is payable at 10.52% per annum compounded half-yearly.

All borrowings detailed above are denominated in pounds sterling.

The fair value of each financial liability is considered to equal the book value above.

### 9. Authorised and issued share capital

	2009	2008
	£000	£000
<i>Authorised, allotted and fully paid:</i>		
Ordinary shares of £1 each	<u>913</u>	<u>913</u>

## Notes to the financial statements

at 31 July 2009

### 10. Reconciliation of shareholders' funds and movement on reserves

	<i>Ordinary share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 31 July 2007	913	(179)	734
(Loss) for the year	–	(93)	(93)
At 31 July 2008	913	(272)	641
Profit for the year	–	(305)	(305)
At 31 July 2009	913	(577)	336

### 11. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Volution Group Limited group, as 100% of voting rights are controlled within the group and group financial statements in which the Company is consolidated are publicly available.

### 12. Parent undertaking and controlling party

The Company's immediate parent undertaking is Volution Group Limited, which is the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the consolidated financial statements of Volution Group Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX.

The Group's immediate parent undertaking is AAC UK Buy Out Fund LP which is a limited partnership fund registered in England. The majority investor in this fund is AAC Capital NEBO Fund I LP which is a limited partnership registered in Scotland.

AAC Capital Partners (Guernsey) Limited (the general partner of AAC UK Buy Out Fund LP) is regarded as the direct controlling party of the company and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the company.

The financial statements of Volution Group Limited are not consolidated into the accounts of any other entity.