Volution Ventilation UK Limited

Report and Financial Statements

Year Ended

31 July 2023

Company Number 11352032

Volution Ventilation UK Limited

Report and financial statements
for the year ended 31 July 2023

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Directors

R A George
A O'Brien

Secretary and registered office

Fiona Smith, Fleming Way, Crawley, West Sussex, RH10 9YX, United Kingdom

Company number

11352032

Auditor

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

Volution Ventilation UK Limited

Strategic report
for the year ended 31 July 2023

The Directors of Volution Ventilation UK Limited ('the Company') present their strategic report for the year ended 31 July 2023.

Principal activity and review of the business

The principal activity of the Company is the design, manufacture and distribution of ventilation products to the residential and commercial markets.

The profit for the year, after taxation, is £25,258,000 (2022: £19,980,000). The Company's key financial and other performance indicators were as follows:

	Year ended 31 July 2023 £'000	Year ended 31 July 2022 £'000
Revenue from contracts with customers	**137,354**	123,256
Operating profit	**32,126**	24,889
EBITDA	**35,586**	27,880
Average number of employees	**806**	807

Directors' s172 statement

Businesses do not operate in isolation. Without a good understanding of who the key stakeholders are and their needs, a business will fail to deliver sustainable value to shareholders and other stakeholders.

The Directors take their duties under s172 (1) of the Companies Act 2016 seriously and consider that they have acted in the way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172 (1) (a–f) in the decisions taken during the year ended 31 July 2023.

The Directors consider the Company's key stakeholders to be its employees, customers, suppliers and communities and environment in which we operate. The Directors take seriously the views of these stakeholders in setting and implementing our strategy and believes that good engagement us key to the long-term success of the Company.

- Employee engagement is critical to our long-term success. Interaction with our employees include an Employee Representative Forum, the Management Development Programme, training and development and recognition and rewards. We work to create a diverse and inclusive workplace where every employee can reach their full potential.
- Understanding our customers' needs and behaviours allows us to deliver relevant products and services, retain and attract customers and improve product offerings. We host customer events and product launches and participate in industry forums and events in order to highlight our innovation and focus on sustainable products.
- Our suppliers make a vital contribution to our performance. Engaging with our supply chain through supplier audits, inspections and relationship meetings means we can ensure security of supply and speed to market. High-quality suppliers are carefully selected to ensure they are responsible, sustainable and ethical so we can provide market leading products to meet our customer expectations.
- We aim to contribute positively to the communities in which we operate. We focus on supporting communities through investment initiatives, sponsorship and employee volunteering and contributing to national society initiatives including Clean Air Day and Noise Action Week.

In summary, as required by s172 of the UK Companies Act, a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

Directors' s172 statement (continued)

During the year, the Board carefully considered the impact from the political and macroeconomic uncertainty that has arisen post-Covid and since the invasion of Ukraine early in 2022, including the actions of central banks in raising interest rates to curb inflation and the impact that this may on all stakeholder groups.

Principal risks and uncertainties (including those arising from the use of financial instruments)

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

Economic risk

Demand for the Company's products is influenced by both public and privately funded new and refurbishment construction projects. The UK construction market is heavily influenced by prevailing macro-economic conditions and relevant legislation with regards to air quality and energy efficiency. A decline in general economic activity or a specific decline in the activity of the construction industry would impact the demand for our products serving both the residential and commercial markets. We continue to monitor developments around the macro-economic uncertainty, inflation, high interest rates and impacts of the Russian invasion of Ukraine and we will adjust our contingency planning accordingly. Uncertainty remains over the eventual outcome.

Exchange rate risk

Fluctuation in the exchange rate of sterling with major currencies will impact both the turnover stream and purchase cost of some of the Company's products. The Group of which the Company is a member benchmarks turnovers and direct expenditure denominated in foreign currency on a regular basis and enters in to forward foreign exchange contracts to manage its exposure to exchange rate risk.

Financial instrument risk

The Company principally engages in short-term working capital (trade and other receivables, trade and other payables and cash). 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 because of changes in market prices. The Directors consider this risk to relate to foreign exchange. The risk to derivative financial instruments is minimal as the transacted rate and quantity of currency are fixed in advance by the Group. Risk arising on non-derivative 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. The Directors believe credit risk principally relates to trade receivables. To mitigate against exposure to credit risk the Company has developed strong credit control procedures, internal control mechanisms and has entered into a credit insurance policy.

- **Liquidity risk**

  Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To the best of the Directors' knowledge there are no foreseeable constraints in discharging obligations under financial instruments. Cash flow is regularly monitored using weekly and monthly reporting, in addition, the Company undertakes quarterly reforecast updates against the annual budget.

Sustainability
The Company is required to measure and report our direct and indirect greenhouse gas (GHG) emissions pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The mandatory requirement is for the disclosure of the scope 1 and 2 emissions only. These are direct emissions such as heating, vehicle fuel and indirect emissions, for example purchased electricity. Our total GHG footprint in line with DEFRA's mandatory reporting requirement is shown in the table below.

Emissions from	**2023** **CO_2e tonnes**	2022 CO_2e tonnes
Electricity, gas and other fuels	**1,478**	1,588
Petrol and diesel vehicle fuels	**257**	224*
Refrigerants	**—**	—
Total footprint	**1,735**	1,812
Greenhouse gas emissions intensity ratio: CO_2e tonnes per £m of revenue	**12.63**	14.70

*To improve the accuracy of our scope 1 emissions, we accounted for all fuel used in company-owned and long-term leased vehicles.

The facility in Reading has photovoltaic cells on the roof and a battery management system which reduces our electricity usage.

We ensure that we consistently recycle waste where possible and seek to lower the emissions from our motor fleets. We are constantly looking for ways to improve the efficiency of our motor fleet, which can in turn reduce the amount of emissions produced. Our motor fleet programme includes a choice of hybrid vehicles.

On behalf of the Board

Andy O'Brien
Director
14 November 2023

The Directors of Volution Ventilation UK Limited ('the Company') present their report and financial statements for the year ended 31 July 2023.

Directors
The Directors of the Company throughout the period were:

R A George
A O'Brien

Results and dividends
In the year ended 31 July 2023 the Company made a profit of £25,258,000 (2022: £19,980,000) from the design, manufacture and distribution of ventilation products to the residential and commercial markets.

The Company paid a dividend of £24,400,000 (2022: £16,545,000) to Volution Ventilation Group Limited during the period.

Donations
During the year, the Company did not make any political or charitable donations (2022: £nil).

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 due to 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.

Financial instruments
The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Instruments used are principally foreign exchange forward contracts, more information is set out in the strategic report.

Future developments
The Company has invested heavily in sales training; the development of new products and the development of new digital tools that help our customers connect with our solutions. We will continue to build on our core strengths and the efficiencies established in the re-organisation to further develop our product range and user experience.

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 principal risks and uncertainties of the Company are managed at a Group level. The Company is dependent upon the continued support of its ultimate parent company, Volution Group plc, because of the way that the Group's intra-group funding structure is administered. Therefore, the directors have requested and obtained a letter from the directors of Volution Group plc confirming, in writing, their commitment to continue to support the company until 31 January 2025.

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the directors have considered government policy, and the overall impact on consumer demand as well as the ability of Volution Group plc to provide the required support to the Company. Having made suitable enquiries, the Board has a reasonable expectation that the Company will be able to manage its business risks and to continue in operational existence until 31 January 2025 and has sufficient liquidity and covenant headroom, after considering the reasonably possible downside scenarios and stress testing, over this going concern period to prepare the accounts on that basis.

Accordingly, the directors consider it is appropriate to adopt the going concern basis for preparing the financial information.

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.

The Companies (Miscellaneous Reporting) Regulations 2018
The directors are required to summarise how they have engaged with suppliers, customers and others in a business relationship with the Company. The directors have included this information in the strategic report, within the Section 172 statement.

On behalf of the Board

Andy O'Brien
Director
14 November 2023

Directors' responsibilities statement
for the year ended 31 July 2023

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 Ventilation UK Limited for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21 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 2023 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. 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

In In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 31 January 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those which relate to the reporting framework (FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the company has to comply with laws and regulations including health and safety, employees, data protection and anti-bribery and corruption.

- We understood how Volution Ventilation UK Limited is complying with those frameworks by making enquiries with management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through review of board minutes and papers provided to the Group's Audit Committee. Our assessment included the tone from the top and the emphasis on the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals and revenue recognition. We tested specific transactions back to source documentation or independent confirmation and for customer rebates, performed procedures to evaluate management's estimates of any amounts due to customers.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved were focused on unusual journals and journal entry testing.

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.

Ernst + Young LLP

Jon Killingley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
14 November 2023

Volution Ventilation UK Limited

Statement of comprehensive income
for the year ended 31 July 2023

	Note	**Year ended 31 July 2023 £'000**	Year ended 31 July 2022 £'000
Revenue from contracts with customers	4	**137,354**	123,256
Cost of sales		**(72,323)**	(68,376)
Gross profit		**65,031**	54,880
Distribution and Administrative expenses		**(32,905)**	(29,991)
Operating profit	5	**32,126**	24,889
Interest payable	7	**(343)**	(197)
Profit on ordinary activities before taxation		**31,783**	24,692
Taxation on profit on ordinary activities	8	**(6,525)**	(4,712)
Profit for the financial period		**25,258**	19,980
Other comprehensive income		**—**	—
Total comprehensive income		**25,258**	19,980

The results from the current and comparative periods arise solely from continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

Volution Ventilation UK Limited

Statement of financial position
at 31 July 2023

Company number 11352032

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Non-current assets					
Intangible assets	10		**5,743**		4,006
Right-of-use assets	11		**10,493**		9,111
Tangible assets	12		**10,799**		10,452
			27,035		23,569
Current assets					
Inventories	13	**18,408**		19,168	
Trade and other receivables	14	**38,947**		41,468	
Cash at bank and in hand		**7,039**		3,528	
		64,394		64,164	
Current liabilities					
Trade and other payables	15	**(30,350)**		(29,366)	
Refund liabilities	4	**(6,570)**		(6,881)	
Current lease liabilities	11	**(2,365)**		(1,410)	
Provisions for liabilities	16	**(558)**		(452)	
		(39,843)		(38,109)	
Net current assets			**24,551**		26,055
Total assets less current liabilities			**51,586**		49,624
Non-current liabilities					
Provisions for liabilities	16		**(360)**		(355)
Non-current lease liabilities	11		**(9,087)**		(9,057)
Deferred tax	17		**(2,301)**		(1,232)
Net assets			**39,838**		38,980
Capital and reserves					
Called up share capital	18		**—**		—
Share premium			**29,307**		29,307
Profit and loss account			**10,531**		9,673
Equity attributable to owners of the parent company			**39,838**		38,980

The financial statements of Volution Ventilation UK Limited (registered number 11352032) were approved by the Board of Directors and authorised for issue on 14 November 2023.

On behalf of the board

Andy O'Brien
Director

The notes on pages 14 to 30 form part of these financial statements.

Volution Ventilation UK Limited

Statement of changes in equity
at 31 July 2023

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 August 2021	**–**	**29,307**	**6,238**	**35,545**
Profit for the year	–	–	19,980	19,980
Dividends (note 9)	–	–	(16,545)	(16,545)
31 July 2022	**–**	**29,307**	**9,673**	**38,980**
Profit the year	–	–	**25,258**	**25,258**
Dividends (note 9)	–	–	**(24,400)**	**(24,400)**
31 July 2023	**–**	**29,307**	**10,531**	**39,838**

The notes on pages 14 to 30 form part of these financial statements.

Volution Ventilation UK Limited

**Notes forming part of the financial statements
for the year ended 31 July 2023**

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

The financial statements present the results and financial position of Volution Ventilation UK Limited ("the Company") for the year ended 31 July 2023. 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 14 November 2023 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 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.

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 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 Asset
- 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
- 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

2 Accounting policies *(continued)*

Going concern

The principal risks and uncertainties of the Company are managed at a Group level. The Company is dependent upon the continued support of its ultimate parent company, Volution Group plc, because of the way that the Group's intra-group funding structure is administered. Therefore, the directors have requested and obtained a letter from the directors of Volution Group plc confirming, in writing, their commitment to continue to support the company until 31 January 2025.

In considering the appropriateness of adopting the going concern basis for preparing the financial information, the directors have considered government policy, and the overall impact on consumer demand as well as the ability of Volution Group plc to provide the required support to the Company. Having made suitable enquiries, the Board has a reasonable expectation that the Company will be able to manage its business risks and to continue in operational existence until 31 January 2025 and has sufficient liquidity and covenant headroom, after consideration of the reasonably possible downside scenarios and stress testing, over this going concern period to prepare the accounts on that basis.

Accordingly, the directors consider it appropriate to adopt the going concern basis for preparing the financial information.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 to 90 days from delivery.

Sale of ventilation products

Revenue from the sale of ventilation products is recognised at the point in time when control of the asset is transferred to the buyer, usually on the delivery of the goods.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and volume rebates). In determining the transaction price for the sale of ventilation products, the Company considers the effects of variable consideration (if any).

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Company applies the expected value method for contracts with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future rebates.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

2 Accounting policies *(continued)*

Revenue from contracts with customers (continued)

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in note 16 Provisions for liabilities.

Installation services

The Company provides installation services that are bundled together with the sale of equipment to a customer. Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and the cost plus margin approach for installation services.

The Company recognises revenue from installation services at a point in time after the service has been performed, this is because installation of the ventilation equipment is generally over a small timeframe, usually around one or two days. Revenue from the sale of the ventilation equipment is recognised at a point in time, generally upon delivery of the equipment.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. A contract asset is recognised when the Company transfers goods or services to the customer before the customer pays consideration. There is no contract asset included within the Statement of Financial Position as revenue is recognised at a point in time, after installation. Consideration is recognised immediately as a receivable and is unconditional (only the passage of time is required before payment of consideration is due). The Company's accounting policy on trade receivables is detailed below. There are no contract assets recognised in the financial year ended 31 July 2023 (2022: £nil).

Contract liabilities

There are no contract liabilities recognised in the financial year ended 31 July 2023 (2022: £nil).

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are expressed in GBP ('£'), which is also the functional currency of the Company.

In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rate prevailing at the end of the reporting year. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

Non-monetary items that are measured in historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

2 Accounting policies *(continued)*

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.

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. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is charged so as to write off the cost or valuation of assets, except freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the depreciation of additional assets. Tangible assets are depreciated on a straight-line method over their estimated useful lives as follows:

Buildings	-	50 years
Plant and machinery	-	5 – 10 years
Fixtures, fittings, tools, equipment and vehicles	-	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.

2 Accounting policies *(continued)*

Intangible assets

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to reliably measure the expenditure during development.

Subsequent measurement of intangible assets

Intangible assets with a definite life are amortised on a straight-line basis over their estimated useful lives and recognised as a cost included within administrative expenses. The useful live are as follows:

Development costs	-	10 years
Software costs	-	5 years
Patents	-	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 intangible assets

At each reporting date, the Company reviews the carrying amounts of its intangible assets 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.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: purchase cost on a first in, first out basis
- Work in progress and finished goods: cost of direct materials and labour and an appropriate portion of fixed and variable overhead expenses based on normal operating capacity but excluding borrowing costs.

Net realisable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

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 expected credit losses. 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 at bank and in hand

Cash comprises cash at banks and in hand.

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.

Trade and other 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 trade and other receivables.

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.

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.

2 Accounting policies *(continued)*

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for the expected costs of maintenance guarantees are charged against profits when products have been invoiced.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The timing of cash outflows are by their nature uncertain and are therefore best estimates. Provisions are not discounted as the time value of money is not considered material.

Property dilapidations

Dilapidation provisions relate to dilapidation charges relating to leasehold properties. The timing of cash flows associated with the dilapidation provision is dependent on the timing of the lease agreement termination.

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 period.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2 Accounting policies *(continued)*

New standards and interpretations

The following are the amendments to FRS 101 issued in January 2022 updates the edition of FRS 101 issued in March 2018 effective 1 August 2022:

(a) Amendments to Basis for Conclusions FRS 101 Reduced Disclosure Framework – 2017/18 cycle issued in May 2018;

(b) Amendments to FRS 101 Reduced Disclosure Framework – 2018/19 cycle issued in July 2019;

(c) Amendments to FRS 101 Reduced Disclosure Framework – 2019/20 cycle issued in May 2020;

(d) Amendment to FRS 101 Reduced Disclosure Framework – Effective date of IFRS 17 issued in October 2020;

(e) Amendments to UK and Republic of Ireland accounting standards – UK exit from the European Union issued in December 2020;

(f) Amendments to FRS 101 Reduced Disclosure Framework – 2020/21 cycle issued in May 2021;

The adoption of the Standards listed above does not have any material impact on the Company financial statements.

Other new standards or interpretation in issue, but not effective are not expected to have a material impact on Financial Statements.

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.

Judgements

The following are the critical judgements (apart from those involving estimations), that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Development costs

Development costs that are directly attributable to the development of a product are capitalised using management's assessment of the likelihood of a successful outcome for each product being released to market, this is based on management’s judgement that the product is technologically, commercially and economically feasible in accordance with IAS 38 ‘Intangible assets’.

Development costs capitalised during the year were £1,472,000 (2022: £971,000) and are shown in note 10.

3 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

Estimates and assumptions

In the application of the Company 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 Directors have concluded that there are no major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
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.
The Directors have considered a range of potential scenarios arising from the current macroeconomic uncertainty and how these have impacted the significant judgements, estimates and assumptions in these financial statements.

Liabilities arising from retrospective volume rebates

The Company has several customer rebate agreements that are recognised as a reduction from sales (collectively referred to as rebates). Rebates are based on an agreed percentage of revenue, which will increase with the level of revenue achieved. These agreements typically run to a different reporting year to that of the Company with some of the amounts payable being subject to confirmation after the reporting date.

At the reporting date, the Directors make estimates of the amount of rebate that will become payable by the Company under these agreements, to estimate the variable consideration for the expected future rebates, the Company applies the expected value method for contracts with more than one volume threshold. Where the respective customer has been engaged with the Company for several years, historical settlement trends are also used to assist in ensuring an appropriate estimate is recorded at the reporting date and that appropriate internal approvals and reviews take place before rebates are recorded. Consideration of a range of potential scenarios was included in making estimates for the liability arising from retrospective rebates.

The total provision for rebates payable for the year ended 31 July 2023 totalled £6,570,000 (2022: £6,221,000) shown in note 4.

Provisions for expected credit losses

Provisions for expected credit losses are measured at an amount equal to lifetime ECL. For trade receivables the Company applies a simplified approach in calculating ECLs. Trade receivables have been grouped together based on historical credit risk characteristics and the number of days from date of invoice. The expected loss rates are calculated using the provisions matrix approach.

Trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates..

The total provision against receivables for the year ended 31 July 2023 was £264,000 (2022: £504,000) and has been netted against the receivable balance included in note 14.

Provisions against inventory

Inventory provisions include obsolescence and write-downs which take into account historical information related to sales trends and stock counts and represent the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The total provision against inventories for the year ended 31 July 2023 was £2,354,000 (2022: £2,181,000) and has been netted against the inventory balance included in note 13.

Volution Ventilation UK Limited

Notes forming part of the financial statements
for the year ended 31 July 2023 *(continued)*

4 Revenue from contracts with customers

	2023	2022
	£'000	£'000
Analysis by class of business:		
Sale of ventilation products	**130,368**	116,714
Installation services	**6,986**	6,542
	137,354	123,256

Analysis of revenue by country of destination:		
United Kingdom	**119,456**	105,651
Rest of Europe	**15,824**	15,903
Rest of World	**2,074**	1,702
	137,354	123,256

Rights of return assets and refund liabilities

	2023	2022
	£'000	£'000
Refund liabilities		
Arising from retrospective volume rebates	**6,054**	6,221
Arising from rights of return	**516**	660
	6,570	6,881

5 Operating profit

	2023	2022
	£'000	£'000
This is arrived at after charging/(crediting):		
Research and development	**637**	1,237
Inventory recognised as an expense	**66,578**	59,934
Depreciation of tangible assets	**1,516**	1,303
Depreciation of right-of-use assets	**1,536**	1,305
Amortisation of intangible assets	**408**	383
Profit on disposal of fixed assets	**(19)**	(36)
Loss/(gain) on foreign exchange	**47**	(349)

Fees payable to the Company's auditors of £111,000 (2022: £86,000) for the audit of the Company's annual accounts were borne by a fellow group company.

Volution Ventilation UK Limited

Notes forming part of the financial statements
for the year ended 31 July 2023 *(continued)*

6 Employees

	2023 £'000	2022 £'000
Staff costs consist of:		
Wages and salaries	**28,919**	26,635
Social security costs	**2,666**	2,449
Cost of defined contribution scheme	**865**	833
	32,450	29,917

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

	2023 Number	2022 Number
Production	**455**	461
Administration	**351**	346
	806	807

No remuneration was paid or is payable to the Directors in their capacity as Directors of the Company. The Directors receive remuneration from a fellow group undertaking, 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) for the year was £3,807,000 (2022: £3,569,000). It is not possible to identify the proportion of this remuneration that relates to services to the Company.

7 Interest payable

	2023 £'000	2022 £'000
Other charges	**89**	11
Leases related interest	**254**	186
Total interest payable	**343**	197

Volution Ventilation UK Limited

Notes forming part of the financial statements
for the year ended 31 July 2023 *(continued)*

8 Taxation on profit on ordinary activities

	2023 £'000	2022 £'000
UK corporation tax		
Current tax on profits of the period	**5,913**	4,327
Adjustment in respect of prior period	**(457)**	(188)
Total current tax	**5,456**	4,139
Deferred tax		
Current year	**392**	142
Adjustment in respect of prior period	**610**	431
Changes to tax rates	**67**	—
	1,069	573
Taxation on profit on ordinary activities	**6,525**	4,712

Tax assessed for the year was lower than (2022: higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	**31,783**	24,692
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2022: 19%)	**6,674**	4,691
Effects of:		
Tax rate changes	**67**	—
Adjustment in respect of prior period	**153**	243
Expenses not deductible for tax purposes	**41**	108
Patent box credit claimed	**(410)**	(330)
Taxation on profit on ordinary activities	**6,525**	4,712

On 24 May 2021, legislation was passed which substantively enacted an increase in UK corporation tax rate from 19% to 25% from April 2023. Deferred tax on the balance sheet at 31 July 2023 was therefore measured at 25%.

9 Dividends

	2023 £'000	2022 £'000
Ordinary shares		
Interim dividend paid of £8,133,333 (2022: £5,515,000) per share	**24,400**	16,545

10 Intangible assets

	Development costs £'000	Software costs £'000	Patents £'000	Total £'000
Cost				
At 1 August 2022	4,751	290	67	5,108
Additions	1,937	208	—	2,145
As at 31 July 2023	**6,688**	**498**	**67**	**7,253**
Amortisation				
At 1 August 2022	905	181	16	1,102
Charge for the year	346	58	4	408
As at 31 July 2023	**1,251**	**239**	**20**	**1,510**
Net book value				
As at 31 July 2023	**5,437**	**259**	**47**	**5,743**
At 31 July 2022	3,846	109	51	4,006

Included within software costs are assets under construction of £15,000 (2022: £nil) which are not amortised. Included within development costs are assets under construction of £1,556,000 (2022: £1,472,000) which are not amortised.

11 Right of use assets and lease liabilities

Set out below are the carrying amounts of right of use assets and the movements during the year:

Right of use assets

	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
Cost				
At 1 August 2022	11,753	78	620	12,451
Additions	1,671	–	1,247	2,918
Disposal	–	(78)	(11)	(89)
As at 31 July 2023	**13,424**	**–**	**1,856**	**15,280**
Depreciation				
At 1 August 2022	3,059	65	216	3,340
Charge for the year	1,325	13	198	1,536
Disposal	–	(78)	(11)	(89)
As at 31 July 2023	**4,384**	**–**	**403**	**4,787**
Net book value				
As at 31 July 2023	**9,040**	**–**	**1,453**	**10,493**
As at 31 July 2022	8,694	13	404	9,111

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Lease liabilities	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
At 1 August 2022	10,041	15	411	10,467
Additions to lease liabilities	1,671	–	1,247	2,918
Interest expense	253	–	1	254
Lease payments	(1,969)	(15)	(203)	(2,187)
As at 31 July 2023	**9,996**	**–**	**1,456**	**11,452**
Analysis				
Current	1,317	–	1,048	2,365
Non-current	8,679	–	408	9,087
As at 31 July 2023	**9,996**	**–**	**1,456**	**11,452**

The following are amounts recognised in the statement of comprehensive income:

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets (cost of sales)	**939**	797
Depreciation expense of right-of-use assets (administrative expenses)	**597**	508
Interest expense	**254**	186

Volution Ventilation UK Limited

Notes forming part of the financial statements for the year ended 31 July 2023 *(continued)*

12 Tangible assets

	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
Cost				
At 1 August 2022	4,472	5,132	4,458	14,062
Additions	9	1,084	813	1,906
Disposals	–	(82)	(181)	(263)
As at 31 July 2023	**4,481**	**6,134**	**5,090**	**15,705**
Depreciation				
At 1 August 2022	742	1,309	1,559	3,610
Charge for the year	185	659	672	1,516
Disposals	–	(82)	(138)	(220)
As at 31 July 2023	**927**	**1,886**	**2,093**	**4,906**
Net book value				
As at 31 July 2023	**3,554**	**4,248**	**2,997**	**10,799**
At 31 July 2022	3,730	3,823	2,899	10,452

Land with net book value of £1,636,000 (2022: £1,636,000) included within land and buildings is freehold.

13 Inventories

	2023 £'000	2022 £'000
Raw materials and consumables	**9,586**	9,387
Work in progress	**328**	446
Finished goods and goods for resale	**8,494**	9,335
	18,408	19,168

14 Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**25,952**	28,687
Amounts owed by group undertakings	**11,089**	11,095
Prepayments	**1,044**	465
Other receivables	**822**	1,221
	38,947	41,468

15 Trade and other payables

	2023 **£'000**	2022 £'000
Trade payables	**17,062**	19,046
Amounts owed to group undertakings	**5,723**	4,409
Taxation and social security	**3,901**	2,276
Other payables	**329**	628
Accruals and deferred income	**3,335**	3,007
	30,350	29,366

16 Provisions for liabilities

	Product warranties £'000	**Property dilapidations £'000**	**Total £'000**
At 1 August 2022	**452**	**355**	**807**
Arising during the year	**1,603**	**5**	**1,608**
Utilised	**(1,497)**	**—**	**(1,497)**
At 31 July 2023	**558**	**360**	**918**
Analysis			
Current	**558**	**—**	**558**
Non-current	**—**	**360**	**360**
	558	**360**	**918**

Product warranties

A provision is recognised for warranty costs expected to be incurred in the following 12 months on products sold during the period and in prior years. Product warranties typically range between one and two years; however, based on management's knowledge of the products, claims in relation to warranties after more than twelve months are rare and immaterial

Property dilapidations

A provision has been recognised for dilapidations relating to obligations under leases for leasehold buildings and will be payable at the end of the lease term.

17 Deferred tax

	1 August 2022 £'000	Prior year adjustments £'000	Charge to income £'000	**31 July 2023 £'000**
Fixed assets	1,303	610	385	**2,298**
Temporary differences	(13)	–	61	**48**
Losses	(40)	–	13	**(27)**
Research and Development Expenditure Credit (RDEC)	(18)	–	–	**(18)**
Deferred tax liability	1,232	610	459	**2,301**

18 Share capital

	2023 £'000	2022 £'000
Authorised, called up and fully paid		
3 ordinary shares of £1.00 each	–	–

19 Commitments

Commitments

The Company had commitments of £169,000 (2022: £582,000) at year end relating to the acquisition of motor vehicles and tooling.

Guarantees

The Company has provided a guarantee to Volution Group plc for its share of a £150 million multicurrency "Sustainability Linked Revolving Credit Facility".

20 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.

21 Controlling parties

The Company's immediate parent undertaking is Volution Ventilation Group Limited.

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.