Volution Ventilation UK Limited

Report and Financial Statements

Year Ended

31 July 2024

Company Number 11352032

Volution Ventilation UK Limited

Report and financial statements
for the year ended 31 July 2024

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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

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place,
London
WC2N 6RH

Volution Ventilation UK Limited

Strategic report
for the year ended 31 July 2024

The Directors of Volution Ventilation UK Limited ('the Company') present their strategic report for the year ended 31 July 2024.

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 £31,158,000 (2023: £25,258,000). The Company's key financial and other performance indicators were as follows:

	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000	Growth %
Revenue from contracts with customers	**150,876**	137,354	9.8
Operating profit	**39,909**	32,126	24.2
Operating profit margin (%)	**26.5**	23.4	3.1pp
Recycled plastic used in our products (%)	**84.9**	83.4	1.5pp
Sales revenue from low-carbon (%)	**59.0**	60.0	(1.0)pp

Delivering a strong revenue growth over the prior year, revenues increased from £137,354,000 to £150,876,000, a 9.8% increase, the standout performance was residential ventilation activity. Given our end markets were generally challenging, with commercial activity quite weak, very good overall revenue growth was achieved in the year.

Operating profit increased from £32,126,000 to £39,909,000, a 24.2% increase with a significant increase in the operating margin at 26.5% up 310bps from 23.4% in the prior year. Our gross margins expanded through a combination of favourable product mix, initiatives to reduce product cost and increased utilisation of our Reading, Crawley and Dudley factories. Indirect costs were tightly controlled although there were higher than usual bonus payments made to the teams that helped deliver revenue growth in the residential market.

This year we have continued to make good progress on our key Sustainability KPI's. Recycled plastics content in our own production increased in the year to 84.9% of total consumption (2023: 83.4%). With such a high proportion of the Company's injection moulding and PVC extrusion production taking place at our Reading facility, the team there has done a great job of finding, trialling and ultimately using a range of new materials from different sources.

Revenue from our low-carbon products was in-line with prior year at 59.0% (2023: 60.0%). The small decline was mainly due to product mix. We continue to see strong regulatory tailwinds helping to drive the adoption of more energy efficient solutions.

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 2024.

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.

Directors' s172 statement (continued)

- 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.

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 as well as other global conflicts 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. Our end-market diversity, with exposure to both markets and to new build and RMI provides mitigation to this economic risk. We continue to monitor developments around the macro-economic uncertainty, inflation, high interest rates and impacts of the Russian invasion of Ukraine as well as other global conflicts 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.

Financial instrument risk (continued)

- **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. The company also has a letter of support from the ultimate parent company Volution Group plc.

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	**2024** **CO_2e tonnes**	2023 CO_2e tonnes
Electricity, gas and other fuels	**1,652**	1,478
Petrol and diesel vehicle fuels	**642**	528*
Refrigerants	**–**	–
Total footprint	**2,294**	2,006
Greenhouse gas emissions intensity ratio: CO_2e tonnes per £m of revenue	**15.20**	14.60

* Emissions were updated in line with our recalculation policy, to reflect changes to our company structure, methodology changes and errors. As we are in the process of verifying our emission reduction targets in line with SBTi, the baseline year of 2023 was reassessed to ensure that we have an accurate statement for our goals. In line with this, 2023 scope 1/2 carbon was revised due to additional data for vehicle fuel (scope 1) use being identified. Additionally, biogenic emissions were calculated and reported, which were previously missing.

Emissions from EVs were also moved from scope 1 to scope 2, but overall emissions and emission factors remained the same.

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
12 December 2024

Volution Ventilation UK Limited

Directors' report
for the year ended 31 July 2024

The Directors of Volution Ventilation UK Limited ('the Company') present their report and financial statements for the year ended 31 July 2024.

Directors
The Directors of the Company throughout the year and up to the date of approval of the report and financial statements were:

R A George
A O'Brien

Results and dividends
In the year ended 31 July 2024 the Company made a profit of £31,158,000 (2023: £25,258,000) from the design, manufacture and distribution of ventilation products to the residential and commercial markets.

The Company paid a dividend of £37,850,000 (2023: £24,400,000) to Volution Ventilation Group Limited during the period.

Donations
During the year, the Company did not make any political or charitable donations (2023: £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 for at least 12 months from the date of approval of the financial statements.

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 for at least 12 months from the date of approval of the financial statements 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 financial statements 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 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 auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, 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 auditors are 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
12 December 2024

Volution Ventilation UK Limited

Directors' responsibilities statement
for the year ended 31 July 2024

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also 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.

The directors are responsible for the maintenance and integrity of 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

In our opinion, Volution Ventilation UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 July 2024; the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 July 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, health and safety regulations, data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate manipulation of reported results through posting of fraudulent journals and management bias in accounting estimates.. Audit procedures performed by the engagement team included:

- Enquiry with management, internal audit and audit committee regarding any litigations or claims from non-compliance with laws and regulation and whether there were any known or suspected instances of fraud;
- Review of internal audit reports and board meeting minutes for any instances of known or suspected non-compliance with laws and regulation and fraud;
- Reviewing financial statement disclosures against specific legal requirements and relevant legislation;
- Review of any employment disputes or litigation to ensure there were no broader non-compliance issues with employment laws and regulations;
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, including significant transactions outside the normal course of business, and evaluating their business rationale.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Simon Bailey

Simon Bailey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 December 2024

Volution Ventilation UK Limited

Statement of comprehensive income
for the year ended 31 July 2024

	Note	Year ended 31 July 2024 £'000	Year ended 31 July 2023 £'000
Revenue from contracts with customers	4	**150,876**	137,354
Cost of sales		**(73,664)**	(72,323)
Gross profit		**77,212**	65,031
Distribution and Administrative expenses		**(37,303)**	(32,905)
Operating profit	5	**39,909**	32,126
Interest payable	7	**(336)**	(343)
Profit before tax		**39,573**	31,783
Tax on profit	8	**(8,415)**	(6,525)
Profit for the financial year		**31,158**	25,258
Other comprehensive income		–	–
Total comprehensive income		**31,158**	25,258

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

The notes on pages 14 to 29 form part of these financial statements.

Volution Ventilation UK Limited

Statement of financial position
at 31 July 2024

Company number 11352032

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Non-current assets					
Intangible assets	10		**5,561**		5,743
Right-of-use assets	11		**10,113**		10,493
Tangible assets	12		**11,468**		10,799
			27,142		27,035
Current assets					
Inventories	13	**16,141**		18,408	
Trade and other receivables	14	**37,674**		38,947	
Cash at bank and in hand		**5,846**		7,039	
		59,661		64,394	
Current liabilities					
Trade and other payables	15	**(31,320)**		(30,350)	
Refund liabilities	4	**(8,034)**		(6,570)	
Current lease liabilities	11	**(1,287)**		(2,365)	
Provisions for liabilities	16	**(605)**		(558)	
		(41,246)		(39,843)	
Net current assets			**18,415**		24,551
Total assets less current liabilities			**45,557**		51,586
Non-current liabilities					
Provisions for liabilities	16		**(366)**		(360)
Non-current lease liabilities	11		**(9,754)**		(9,087)
Deferred tax	17		**(2,291)**		(2,301)
Net assets			**33,146**		39,838
Capital and reserves					
Called up share capital	18		**—**		—
Share premium			**29,307**		29,307
Profit and loss account			**3,839**		10,531
Equity attributable to owners of the parent company			**33,146**		39,838

The financial statements of Volution Ventilation UK Limited (registered number 11352032) were approved by the Board of Directors and authorised for issue on 12 December 2024.

On behalf of the board

Andy O'Brien
Director

The notes on pages 14 to 29 form part of these financial statements.

Volution Ventilation UK Limited

Statement of changes in equity
for the year ended 31 July 2024

	Called up Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity £'000
1 August 2022	**–**	**29,307**	**9,673**	**38,980**
Profit for the year	–	–	25,258	25,258
Dividends (note 9)	–	–	(24,400)	(24,400)
31 July 2023	**–**	**29,307**	**10,531**	**39,838**
Profit for the year	–	–	**31,158**	**31,158**
Dividends (note 9)	–	–	**(37,850)**	**(37,850)**
31 July 2024	**–**	**29,307**	**3,839**	**33,146**

The notes on pages 14 to 29 form part of these financial statements.

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 2024. 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 12 December 2024 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 for at least 12 months from the date of approval of the financial statements.

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 for at least 12 months from the date of approval of the financial statements 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 financial statements 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.

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.

2 Accounting policies *(continued)*

Revenue from contracts with customers (continued)

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 an estimate of the relative standalone selling prices of the equipment and the residual 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

There are no contract assets recognised in the financial year ended 31 July 2024 (2023: £nil).

Contract liabilities

There are no contract liabilities recognised in the financial year ended 31 July 2024 (2023: £nil).

Liabilities arising from retrospective volume rebates

The Company has a number of 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 increases with the level of revenue achieved. These agreements typically are not coterminous with the Company's year-end, and some of the amount's payable are subject to confirmation after the reporting date. Of the total rebates, approximately £4.1 million is non-coterminous with the year-end and is based on actual revenue recorded to 31 July 2024 and an estimate of the total revenue for the rebate period. Final rebate percentages are dependent on estimated performance to December based on the bottom-up, Board-approved budget and management's experience and knowledge of the customers. Estimates are made as to which percentages band each customer will fall into.

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 a number of 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.

The sales rebate provision is recognised within refund liabilities, rather than trade receivables, as a significant proportion of the agreements across the Company do not provide for credit notes to be raised against receivable balances. Rather, cash payment of the rebate amount due is expected. Furthermore, the majority of rebate agreements do not contain a clause which provides a legally enforceable right to offset invoiced amounts.

Given that the rebate provision represents an estimate within the financial statements, there is a risk that the Directors' estimate of the potential liability may be incorrect. However, the Directors do not consider it reasonably possible, at the balance sheet date, that this was a major source of estimation uncertainty that could have a significant risk of resulting in a material adjustment to the liabilities recorded under the scope of paragraph 125 of IAS 1.

2 Accounting policies *(continued)*

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.

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.

2 Accounting policies *(continued)*

Tangible assets (continued)

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.

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.

2 Accounting policies *(continued)*

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.

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.

2 Accounting policies *(continued)*

Subsequent measurement

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

Derecognition of financial liabilities

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

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 2023 updates the edition of FRS 101 issued in March 2018 effective 1 August 2023:

(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.

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.

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

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 as at 31 July 2024 totalled £7,605,000 (2023: £6,054,000) shown in note 4.

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 as at 31 July 2024 was £2,481,000 (2023: £2,354,000) and has been netted against the inventory balance included in note 13.

4 Revenue from contracts with customers

	2024	2023*
	£'000	£'000
Analysis by class of business:		
Sale of ventilation products	**145,174**	132,020
Installation services	**5,702**	5,334
	150,876	137,354

*£1.7m of revenue was reclassified from service to sales revenue as this related to the delivery of products rather than installation services

Analysis of revenue by country of destination:		
United Kingdom	**132,619**	119,456
Rest of Europe	**16,162**	15,824
Rest of World	**2,095**	2,074
	150,876	137,354

Rights of return assets and refund liabilities

	2024	2023
	£'000	£'000
Refund liabilities		
Arising from retrospective volume rebates	**7,605**	6,054
Arising from rights of return	**429**	516
	8,034	6,570

5 Operating profit

	2024 £'000	2023 £'000
This is arrived at after charging/(crediting):		
Research and development	**2,586**	637
Inventory recognised as an expense	**52,397**	52,198
Depreciation of tangible assets	**1,612**	1,516
Depreciation of right-of-use assets	**1,876**	1,536
Amortisation of intangible assets	**688**	408
Profit on disposal of fixed assets	**(5)**	(19)
Loss on foreign exchange	**89**	47

Fees payable to the Company's auditors of £83,000 (2023: £111,000) for the audit of the Company's annual financial statements were borne by a fellow group company.

6 Employees

	2024 £'000	2023 £'000
Staff costs consist of:		
Wages and salaries	**31,816**	28,919
Social security costs	**2,875**	2,666
Other pension costs	**958**	865
	35,649	32.450

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

	2024 Number	2023 Number
Production	**504**	455
Administration	**311**	351
	815	806

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 £3,308,000 (2023: £3,807,000). It is not possible to identify the proportion of this remuneration that relates to services to the Company.

7 Interest payable

	2024 £'000	2023 £'000
Other charges	**99**	89
Leases related interest	**237**	254
Total interest payable	**336**	343

8 Tax on profit

	2024 £'000	2023 £'000
UK corporation tax		
Current tax on profits of the period	**9,071**	5,913
Adjustment in respect of prior period	**(646)**	(457)
Total current tax	**8,425**	5,456
Deferred tax		
Current year	**239**	392
Adjustment in respect of prior period	**(249)**	610
Changes to tax rates	**–**	67
	(10)	1,069
Tax on profit	**8,415**	6,525

Tax assessed for the year was lower than (2023: lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2024 £'000	2023 £'000
Profit before tax	**39,573**	31,783
Profit at the standard rate of corporation tax in the UK of 25% (2023: 21%)	**9,893**	6,674
Effects of:		
Tax rate changes	**–**	67
Adjustment in respect of prior period	**(895)**	153
Expenses not deductible for tax purposes	**136**	41
Patent box credit claimed	**(719)**	(410)
Tax on profit	**8,415**	6,525

In June 2023, the UK Government substantively enacted legislation introducing a global minimum corporate income tax rate, to have effect from 2024 in line with the OECD's Pillar Two model framework on large multinational enterprises with a consolidated group revenue of €750 million plus. The Company has performed an assessment of its potential exposure to Pillar Two income taxes and based on an assessment of the most recent information available regarding the financial performance of the constituent entities in the Company, we do not expect to be within the scope of Pillar Two and therefore do not expect it to have a material impact on the Company's tax rate or tax payments.

9 Dividends

	2024 £'000	2023 £'000
Ordinary shares		
Interim dividend paid of £12,616,667 (2023: £8,133,333) per share	**37,850**	24,400

10 Intangible assets

	Development costs £'000	Software costs £'000	Patents £'000	Total £'000
Cost				
At 1 August 2023	6,688	498	67	7,253
Additions	226	280	–	506
Disposal	(21)	(9)	–	(30)
As at 31 July 2024	**6,893**	**769**	**67**	**7,729**
Accumulated Amortisation				
At 1 August 2023	1,251	239	20	1,510
Charge for the year	479	205	4	688
Disposal	(21)	(9)	–	(30)
As at 31 July 2024	**1,709**	**435**	**24**	**2,168**
Net book value				
As at 31 July 2024	**5,184**	**334**	**43**	**5,561**
At 31 July 2023	5,437	259	47	5,743

Included within software costs are assets under construction of £nil (2023: £15,000) which are not amortised. Included within development costs are assets under construction of £1,472,000 (2023: £1,556,000) 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	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
Cost			
At 1 August 2023	13,424	1,856	15,280
Additions	—	401	401
Modification and other	1,095	—	1,095
As at 31 July 2024	**14,519**	**2,257**	**16,776**
Accumulated Depreciation			
At 1 August 2023	4,384	403	4,787
Charge for the year	1,399	477	1,876
As at 31 July 2024	**5,783**	**880**	**6,663**
Net book value			
As at 31 July 2024	**8,736**	**1,377**	**10,113**
As at 31 July 2023	9,040	1,453	10,493

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

Lease liabilities	Land & buildings £'000	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
At 1 August 2023	9,996	1,456	11,452
Additions to lease liabilities	—	401	401
Modification and other	1,095	—	1,095
Interest expense	236	1	237
Lease payments	(1,576)	(568)	(2,144)
As at 31 July 2024	**9,751**	**1,290**	**11,041**
Analysis			
Current	1,120	167	1,287
Non-current	8,631	1,123	9,754
As at 31 July 2024	**9,751**	**1,290**	**11,041**

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

	2024 £'000	2023 £'000
Depreciation expense of right-of-use assets (cost of sales)	**1,313**	939
Depreciation expense of right-of-use assets (administrative expenses)	**563**	597
Interest expense	**237**	254

12 Tangible assets

	Land & buildings £'000	Plant & machinery £'000	Fixtures, fittings, tools, equipment and vehicles £'000	Total £'000
Cost				
At 1 August 2023	4,481	6,134	5,090	15,705
Additions	9	1,057	1,318	2,384
Disposals	(12)	(212)	(683)	(907)
As at 31 July 2024	**4,478**	**6,979**	**5,725**	**17,182**
Accumulated Depreciation				
At 1 August 2023	927	1,886	2,093	4,906
Charge for the year	189	719	704	1,612
Disposals	(12)	(212)	(580)	(804)
As at 31 July 2024	**1,104**	**2,393**	**2,217**	**5,714**
Net book value				
As at 31 July 2024	**3,374**	**4,586**	**3,508**	**11,468**
At 31 July 2023	3,554	4,248	2,997	10,799

Land with net book value of £1,636,000 (2023: £1,636,000) included within land and buildings is freehold.

13 Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	**8,108**	9,586
Work in progress	**308**	328
Finished goods and goods for resale	**7,725**	8,494
	16,141	18,408

14 Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	**23,488**	25,992
Amounts owed by group undertakings	**11,358**	11,089
Prepayments	**1,463**	1,044
Other receivables	**1,365**	822
	37,674	38,947

Amounts owed by group undertakings are interest-free, unsecured and are repayable on demand or have contractual maturities of less than 12 months.

15 Trade and other payables

	2024 £'000	2023 £'000
Trade payables	**10,682**	17,062
Amounts owed to group undertakings	**12,392**	5,723
Taxation and social security	**4,478**	3,901
Other payables	**578**	329
Accruals and deferred income	**3,190**	3,335
	31,320	30,350

Amounts owed to group undertakings are interest-free, unsecured and are repayable on demand or have contractual maturities of less than 12 months.

16 Provisions for liabilities

	Product warranties £'000	Property dilapidations £'000	Total £'000
At 1 August 2023	**558**	**360**	**918**
Arising during the year	**1,474**	**6**	**1,480**
Utilised	**(1,427)**	**—**	**(1,427)**
At 31 July 2024	**605**	**366**	**971**
Analysis			
Current	**605**	**—**	**605**
Non-current	**—**	**366**	**366**
	605	**366**	**971**

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 2023 £'000	Prior year adjustments £'000	Charge to income £'000	31 July 2024 £'000
Fixed assets	2,298	(129)	229	**2,398**
Temporary differences	48	(165)	10	**(107)**
Losses	(27)	27	–	–
Research and Development Expenditure Credit (RDEC)	(18)	18	–	–
Deferred tax liability	2,301	(249)	239	**2,291**

18 Called up Share capital

	2024 £'000	2023 £'000
Authorised, called up and fully paid		
3 ordinary shares of £1.00 each	–	–

19 Commitments

Commitments

The Company had commitments of £nil (2023: £169,000) 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".

On 9 September 2024, the Group refinanced its bank debt. The Company has provided a guarantee to Volution Group plc for its share in the new facility it now has in place, a £230 million multicurrency 'Sustainability Linked Revolving Credit Facility'. The old facility was repaid in full early, on 11 September 2024, and a new multicurrency 'Sustainability Linked Revolving Credit Facility' was entered into.

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.