

Company Registration No. 00976278 (England and Wales)

**LYDALL INDUSTRIAL FILTRATION (EMEA)
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

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LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	4		12,486		37,689
Tangible assets	5		244,283		264,612
			<u>256,769</u>		<u>302,301</u>
Current assets					
Stocks		424,027		356,514	
Debtors	6	1,308,868		1,599,020	
Cash at bank and in hand		1,697,588		791,856	
		<u>3,430,483</u>		<u>2,747,390</u>	
Creditors: amounts falling due within one year	7	<u>(1,424,092)</u>		<u>(975,137)</u>	
Net current assets			<u>2,006,391</u>		<u>1,772,253</u>
Total assets less current liabilities			<u>2,263,160</u>		<u>2,074,554</u>
Provisions for liabilities	8		<u>(1,601)</u>		<u>(7,030)</u>
Net assets			<u><u>2,261,559</u></u>		<u><u>2,067,524</u></u>
Capital and reserves					
Called up share capital	9	1,750,000		1,750,000	
Profit and loss reserves		511,559		317,524	
Total equity			<u><u>2,261,559</u></u>		<u><u>2,067,524</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 19/08/2021 and are signed on its behalf by:



A V Gibson
Director

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Lydall Industrial Filtration (EMEA) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT. The principal place of business is Burslem, Stoke on Trent.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Lydall Industrial Filtration (EMEA) Limited is a wholly owned subsidiary of Lydall Inc. and the results of Lydall Industrial Filtration (EMEA) Limited are included in the consolidated financial statements of Lydall Inc. which are available from One Colonial Road, Manchester, Connecticut, USA, 06042-2307.

Going concern

The company had adequate cash resources and support from group companies is available, but it is not currently expected to be required.

In assessing the ability of the company to continue to operate as a going concern for the foreseeable future, the directors have considered scenarios which have involved a degree of judgement based upon experience of the sector, forecast activity and the cash resources available to ensure that the financial statements can be prepared on the going concern basis. Since the significance of the economic impacts of the COVID-19 outbreak have become apparent, the directors have reviewed in detail the company's position and the appropriate basis on which to prepare the financial statements.

Even with the overall disruption caused by the virus there has been no significant financial impact on the company's operating model as a result of the working guidelines introduced by government following the outbreak of the virus. Whilst the directors recognise that 2021 will be a challenging year, on the basis of the experience to the date of approval of the financial statements and consideration of the possible future impact on the customer base, they consider that it remains appropriate to prepare the financial statements on a going concern basis. The full impact of the COVID-19 outbreak cannot presently be estimated with any certainty, but the stress testing of the company's financial position has satisfied the directors that it has adequate reserves and mitigation strategies available to deal with the impact of the outbreak as it unfolds.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 5 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	5 years
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and machinery etc.	6 - 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets 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.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and loans to fellow group companies are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the period ended 31 December 2020 related to the Government's Coronavirus Job Retention Scheme which was utilised by the company.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	66	73

3 Directors' remuneration

The directors received no remuneration through this company. The directors are remunerated through other group companies and no recharge of this has been made.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2020 and 31 December 2020	481,939	126,015	607,954
Amortisation and impairment			
At 1 January 2020	481,939	88,326	570,265
Amortisation charged for the year	-	25,203	25,203
At 31 December 2020	481,939	113,529	595,468
Carrying amount			
At 31 December 2020	-	12,486	12,486
At 31 December 2019	-	37,689	37,689

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2020	312,225	1,105,622	1,417,847
Additions	-	10,593	10,593
At 31 December 2020	312,225	1,116,215	1,428,440
Depreciation and impairment			
At 1 January 2020	206,196	947,039	1,153,235
Depreciation charged in the year	16,113	14,809	30,922
At 31 December 2020	222,309	961,848	1,184,157
Carrying amount			
At 31 December 2020	89,916	154,367	244,283
At 31 December 2019	106,029	158,583	264,612

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,287,922	1,537,279
Amounts owed by group undertakings	1,790	42,608
Other debtors	19,156	19,133
	<u>1,308,868</u>	<u>1,599,020</u>

7 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	285,132	104,220
Amounts owed to group undertakings	601,632	498,186
Corporation tax	40,401	36,393
Other taxation and social security	151,974	127,800
Other creditors	344,953	208,538
	<u>1,424,092</u>	<u>975,137</u>

8 Provisions for liabilities

	2020	2019
	£	£
Deferred tax liabilities	<u>1,601</u>	<u>7,030</u>

9 Called up share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	15,626	11,930
Between one and five years	4,393	4,142
	<u>20,019</u>	<u>16,072</u>

11 Financial commitments, guarantees and contingent liabilities

There is a right of set off on bank balances between the company and its fellow subsidiary, Lydall Industrial Filtration Textile Manufacturing (EMEA) Limited.

12 Related party transactions

The company has taken advantage of the exemption under Section 33 of FRS102 from disclosing transactions with related companies where 100% or more of the shares are held in the group.

13 Parent company

At 31 December 2020 the directors consider that there is no ultimate controlling party.

The parent of the smallest group for which consolidated accounts are drawn up of which Lydall Industrial Filtration (EMEA) Limited is a member is Lydall Inc. (Registered Office: One Colonial Road, Manchester, Connecticut, USA, 06042-2307).

On 21 June 2021, Lydall, Inc. entered into an Agreement and Plan of Merger ("Merger Agreement") among Unifrax Holding Co. and other parties named therein. Subject to certain conditions contained in the Merger Agreement (including approval of Lydall, Inc.'s shareholders and regulatory approvals/clearances), upon the completion of the transaction, Ulysses Investment Holdco Inc, a company incorporated in the USA, will become the ultimate parent undertaking and ultimate controlling party.

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Anthony Steiner FCA.
The auditor was RSM UK Audit LLP.