

Lindab Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

C G Nilsson
I T Robertson
M J Goodspeed
P A M Nilsson

Secretary

Goodwille Limited

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Beds LU1 3LU

Bankers

Svenska Handelsbanken AB
Park Row
Nottingham NG1 6EE

Registered Office

Units 9-10 Carousel Way
Riverside Business Park
Northampton NN3 9HG

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year amounted to £246,000 (2011 – profit of £423,000) The directors do not recommend a final dividend (2011 – £nil)

Principal activities and review of the business

The company is principally engaged in the manufacture and distribution of steel ducting, associated fittings and other sheet metal products Its products are distinguished by their high quality, ease of assembly, energy efficiency and environmentally friendly design

Lindab Limited is a wholly owned subsidiary of Lindab AB which is listed on Stockholm's stock exchange Details of the group review of the year is available on www.lindabgroup.com The group has a strong financial position and is committed to the development of Lindab Limited in the UK market

The majority of the company's customers are other distributors, installation companies and building contractors in the construction industry The products that the company distributes are mainly for commercial buildings with a smaller proportion sold to the residential construction market Lindab Limited has a market leading position within the supply of circular ventilation products with an unrivalled national distribution network

The general economic downturn and uncertainty in the financial markets continued to negatively affected demand for Lindab's products throughout 2012 The effect of the recession in new construction within the non residential market segment had a major impact on the turnover Total turnover amounted to £49,699,000 (2011 – £50,723,000) The company managed to increase gross profit margin to 30% (2011 - 29%) The important national distribution network is kept intact and all possible measures were taken to cut cost without affecting customer value or distribution capability In this way the company safeguards a reasonable profitability through the current tough market conditions without sacrificing future opportunity for growth

Outlook for 2013, risks and opportunities

Lindab is dependent on the market conditions for the construction industry and investments in commercial and public buildings In light of the analysis from Euroconstruct for the UK Construction Industry we anticipate market conditions for 2013 to continue to be severely affected by the low level of investment that will lead to a historically comparable low level in demand Improved building regulations and legislation within the energy efficiency area, already implemented and planned, will favour Lindab's products in the mid to long term The directors are mindful of the impact of the credit crunch on the construction industry, the impact of which is likely to continue to affect 2013 and an improvement is not likely until the latter part of 2013 This is due to Lindab's products not being needed until the end of a construction project, during the time the building is fitted out and systems commissioned

Lindab is dependent on the supply of steel and so the price of steel has a direct impact on the company's cost of goods sold The price of steel was relatively stable throughout 2012 and is expected to remain so until at least Q3 2013 The increase in fuel prices is a long term risk factor due to the proportion of freight cost to product value increasing due to the nature of the products imported from, mainly Lindab Group manufacturing facilities in, Scandinavia and Czech Republic A further deterioration in the availability and cost of credit to companies could have a negative impact on Lindab with increased risk of bad debt However, management carefully maintain the debtor book and only provide credit on agreed terms

Directors' report (continued)

Going concern

The company's business activities, together with the factors likely to affect its' future performance and its financial position, are described above

The company has strong financial resources and well-established relationships with a wide network of customers across the UK resulting in a strong market presence. Further the company operates within a strong global group that provides further security for the operation. As a consequence, the directors believe that the company is well placed to successfully manage its business risks in a challenging market environment.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis for preparing the annual report and accounts.

Disabled employees

The company's policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able-bodied. Where appropriate, employees disabled after joining the company are given suitable training for employment with the company or elsewhere.

Employee involvement

During the year the policy of providing employees with information about the company has been continued. The directors are committed to the involvement of all employees in matters affecting performance of the company.

Directors

The directors who served the company during the year were as follows:

C-G Nilsson
I T Robertson
M J Goodspeed
P A M Nilsson

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

 01 07 2013

M J Goodspeed
Director

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Lindab Limited

We have audited the financial statements of Lindab Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the Statement of Total Recognised Gains and Losses and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

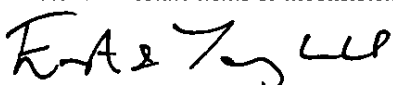
to the members of Lindab Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

In addition, we read all the financial and non financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



Fraser Bull (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Luton

2 July 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Turnover	2	49,699	50,723
Cost of sales		(34,845)	(35,994)
Gross Profit		14,854	14,729
Distribution costs		(416)	(448)
Administrative expenses		(13,688)	(13,053)
Operating Profit	3	750	1,228
Interest income / (expense)	6	30	(117)
Profit on ordinary activities before taxation		780	1,111
Tax	7	(534)	(688)
Profit for the financial year		246	423

All results relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012


There are no recognised gains or losses other than the profit of £246,000 attributable to the shareholders for the year ended 31 December 2012 (2011 – profit of £423,000)

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	8	-	-
Intangible assets	9	13,175	14,110
Tangible assets	10	1,802	2,186
		<u>14,977</u>	<u>16,296</u>
Current assets			
Stocks	11	3,834	4,148
Debtors	12	18,664	15,748
Cash at bank and in hand		1,255	2,101
		<u>23,753</u>	<u>21,997</u>
Creditors' amounts falling due within one year	13	(6,225)	(6,110)
Net current liabilities		<u>17,528</u>	<u>15,887</u>
Total assets less current liabilities		<u>32,505</u>	<u>32,183</u>
Provisions for liabilities	14	(414)	(338)
Net liabilities		<u>32,091</u>	<u>31,845</u>
Capital and reserves			
Called up share capital	16	16,525	16,525
Capital contribution	17	25,000	25,000
Profit and loss account	17	(9,434)	(9,680)
Shareholders' funds	17	<u>32,091</u>	<u>31,845</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 01 07 2013

M J Goodspeed
Director

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention

As a wholly owned subsidiary of Lindab AB, incorporated in Sweden, the company is exempt from preparing group financial statements under §400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	– twenty-five years
Short leasehold improvements	– period of lease
Plant, machinery, fixtures and equipment	– five to ten years
Motor vehicles	– five years

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

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2012

Accounting policies (*continued*)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are administered by Trustees in a fund independent from those of the company

2 Turnover

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts

Turnover is attributable to the manufacture and distribution of steel ducting and associated fittings and other steel metal products within the UK

Notes to the financial statements

at 31 December 2012

3 Operating profit

This is stated after charging

	2012 £000	2011 £000
Auditors' remuneration – audit services	39	40
– taxation services	15	22
Depreciation of owned fixed assets	496	556
Amortisation of intangible fixed assets	935	936
Operating lease rentals – land and buildings	2,098	1,512
– plant and machinery	1	1
– vehicles	677	605
Net (gain) / loss on foreign currency translation	(12)	115
Exceptional costs – restructuring costs	838	–

4. Directors' emoluments

	2012 £000	2011 £000
Emoluments	261	261
Value of company pension contributions to money purchase schemes	32	32
Members of money purchase pension schemes	2	2

The highest paid director received remuneration of £134,817 (2011 – £134,468)

Notes to the financial statements

at 31 December 2012

5. Staff costs

	2012	2011
	£000	£000
Wages and salaries	7,051	7,054
Social security costs	710	680
Staff pension contributions	267	192
	<u>8,028</u>	<u>7,926</u>

The monthly average number of employees during the year was as follows

	No	No
Production staff	41	43
Warehouse staff	113	113
Administrative staff	127	128
	<u>281</u>	<u>284</u>

6. Interest income and expense

	2012	2011
	£000	£000
Bank interest payable	–	1
Interest payable to parent company	–	116
Bank interest receivable	(7)	–
Interest income from parent company	(23)	–
	<u>(30)</u>	<u>117</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012	2011
	£000	£000
<i>Current tax</i>		
UK corporation tax on the profit for the year	–	–
Total current tax (note 7(b))	<u>–</u>	<u>–</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(513)	(657)
Effect of changes in tax rate on opening asset	(21)	(31)
Tax on profit on ordinary activities	<u>(534)</u>	<u>(688)</u>

Notes to the financial statements

at 31 December 2012

7. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	780	1,111
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	191	294
<i>Effects of</i>		
Expenses not deductible for tax purposes	296	302
Capital allowances in excess of depreciation	(43)	(51)
Utilisation of brought forward losses	(437)	(544)
Short term timing differences	(7)	(1)
Total current tax (note 7(a))	-	-

(c) Deferred tax

The deferred taxation asset recognised in the financial statements is as follows

	2012 £000	2011 £000
At 1 January	1,020	1,708
Profit and loss account	(534)	(690)
Adjustments in respect of prior years	-	2
At 31 December	486	1,020

The deferred tax asset recognised in the financial statements consists of

	2012 £000	2011 £000
Depreciation in advance of capital allowances/ (capital allowances in advance of depreciation)	205	131
Tax losses available	281	876
Other Timing Differences	-	13
	486	1,020

Further to the UK Chancellor of the Exchequer's announcement of 22nd June 2010, when it was announced that mainstream rate of UK Corporation Tax will be progressively reduced from 28% to 24% over a period of 4 years, the budget of March 2013 announced that UK Corporation Tax rate will reduce further to a mainstream rate of 20% effective from 1st April 2015. The company would expect to have utilised the deferred tax asset during 2014 at the latest unless unforeseen events intervene.

Notes to the financial statements

at 31 December 2012

8. Investments

The company holds 100% of the voting rights in the following wholly owned subsidiary undertakings at 31 December 2012

<i>Company</i>	<i>Principal activity</i>
CCL Lindab Limited	Non trading

The company is incorporated in England and Wales. The company ceased trading in 2007 when the business transferred to Lindab Limited and the investment value was reduced to £nil

9. Intangible fixed assets

	<i>Goodwill</i> <i>£000</i>
Cost	
At 1 January 2012	18,709
Amortisation	
At 1 January 2012	4,599
Charge for the year	935
At 31 December 2012	5,534
Net book value	
At 31 December 2012	13,175
At 1 January 2012	14,110

Notes to the financial statements

at 31 December 2012

10. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Leasehold improve- ments</i>	<i>Plant, machinery, fixtures and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost					
At 1 January 2012	53	1,274	11,656	27	13,010
Additions	–	39	82	–	121
Disposals	–	–	(15)	–	(15)
At 31 December 2012	53	1,313	11,723	27	13,116
Depreciation					
At 1 January 2012	28	650	10,119	27	10,824
Provided during the year	2	108	386	–	496
Disposals	–	–	(6)	–	(6)
At 31 December 2012	30	758	10,499	27	11,314
Net book value					
At 31 December 2012	23	555	1,224	–	1,802
At 1 January 2012	25	624	1,537	–	2,186

11. Stocks

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Raw materials	239	185
Finished goods	3,595	3,963
	3,834	4,148

12. Debtors

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	12,162	13,705
Amounts owed by group undertakings	5,052	61
Other debtors	2	–
Prepayments and accrued income	962	962
Deferred tax asset (see note 7(c))	486	1,020
	18,664	15,748

Notes to the financial statements

at 31 December 2012

13. Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	4,405	4,867
Amounts owed to group undertakings	591	78
Other taxation and social security	464	584
Other creditors	32	34
Accruals and deferred income	733	547
	<u>6,225</u>	<u>6,110</u>

14. Provisions for liabilities

	<i>Restructuring</i>
	£000
At 1 January 2012	338
Utilised during the year	(762)
Charged in the year	838
At 31 December 2012	<u>414</u>

Restructuring provision

With the acquisition of CCL Veloduct Limited (now CCL Lindab Limited) a restructuring was undertaken within the two companies. This included the closure of certain depots with related redundancy, lease commitments, fixed asset write offs, as well as some head office restructuring costs. The majority of the costs were incurred during 2007. Some of the lease obligations extend beyond 2012 and represent a proportion of the remaining balance. These will be utilised over the next 1-5 years.

In 2012 a further restructuring was undertaken which incurred charges of £838,000. Certain of these costs remain outstanding at the year end but are expected to be utilised in 2013.

Notes to the financial statements

at 31 December 2012

15. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire				
Within one year	248	105	126	66
In two to five years	630	576	693	396
In over five years	864	253	894	–
	<u>1,742</u>	<u>934</u>	<u>1,713</u>	<u>462</u>

16. Issued share capital

	2012		2011	
	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	16,525,000	16,525	16,525,000	16,525

17. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Capital contribution</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£000	£000	£000	£000
At 1 January 2011	16,525	10,000	(10,103)	16,422
Profit for the year	–	–	423	423
Capital contribution	–	15,000	–	15,000
At 1 January 2012	<u>16,525</u>	<u>25,000</u>	<u>(9,680)</u>	<u>31,845</u>
Profit for the year	–	–	246	246
At 31 December 2012	<u>16,525</u>	<u>25,000</u>	<u>(9,434)</u>	<u>32,091</u>

Notes to the financial statements

at 31 December 2012

18. Related party transactions

As a wholly owned subsidiary of Lindab AB, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Lindab AB

19 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Lindab AB, a company incorporated in the Sweden

The ultimate parent undertaking and controlling party is Lindab International AB, a company incorporated in the Sweden

The largest and smallest group in which the results of the company are consolidated is Lindab International AB, a company incorporated in the Sweden. The consolidated financial statements of this group are available to the public and may be obtained from Lindab International AB, Järnväsgatan 41, Grevie Bastad, Sweden 269-82