

Company Registration No. 01641399 (England and Wales)

LINDAB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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LINDAB LIMITED

COMPANY INFORMATION

Directors	F Liedholm I T Robertson E K T Ackeby (resigned August 2018) I M Samuelsson (from 31 st August 2018)
Joint Company Secretary	Goodwille Limited R H Evans
Company number	01641399
Registered office	Units 9-10 Carousel Way Riverside Business Park Northampton Northamptonshire NN3 9HG
Auditor	Deloitte LLP Statutory Auditors 4 Brindley Place Birmingham United Kingdom
Bankers	Nordea Bank Finland Plc 8th Floor, City Place House 55 Basinghall Street London EC2V 5NB

LINDAB LIMITED

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LINDAB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018, in compliance with s414C of the Companies Act 2006.

Review of Business

Lindab Limited is principally engaged in the manufacturing and distribution of steel ducting, associated fittings and other sheet metal products to the construction industry. Its products are distinguished by their high quality, ease of assembly, energy efficiency and environmentally friendly design.

Lindab Limited is wholly owned subsidiary of Lindab International AB which is listed on Stockholm's stock exchange. Details of the group review of the year are available on www.lindab.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 primarily for the commercial building sector with a small 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 improvement throughout 2018 reflected in the modest increase in demand for Lindab Limited's products. Total turnover increased to £60,252,000 (2017 - £57,962,000) whilst gross profit margin remained consistent at 32% (2017 - 32%). The important national distribution network was 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.

The profit before tax for the year dropped to £1,332,000 (2017 - £3,448,000), primarily as a result of an increase in administrative expenses in the year- driven by both operating lease charges and transfer pricing true up costs being higher than in the previous year.

The company's key financial and other performance indicators were as follows:

	2018	2017	Change
	£000	£000	%
Turnover	60,252	57,962	+4%
Gross profit	19,151	18,779	+2%
Profit before tax	1,332	3,448	-61%

Future Developments

Lindab Limited is dependent on the market conditions for the construction industry and investment in commercial, residential and public buildings. In light of the analysis from Euroconstruct for the UK Construction Industry we anticipate market conditions for 2019 to continue to be affected by the fairly low level of investment that has led to a historically comparable low level of demand. Improved building regulations and legislation within the energy efficiency environment area, already implemented and planned, will favour Lindab Limited'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 2019 and an improvement is not likely until the latter part of 2019. This is due to Lindab Limited's products not being required until the latter stages of construction project, during the time the building is fitted out and systems commissioned.

LINDAB LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Principal Risks and Uncertainties

Competitive Risks

Lindab Limited operates in competitive markets but the directors are confident that since the turnover of the company is spread over multiple product lines and geographical regions, there is a minimal risk to the business.

Legislative Risks

In a number of the areas in which the company operates there are high levels of legislation. Examples of such legislation would include Health & Safety and Environmental legislation. The company has processes in place that ensure compliance with such legislation.

Financial Risks

The business is currently in a strong financial position and is able to meet debts as they become due. The current economic difficulties are challenging but the directors are confident that as a result of the strong balance sheet and actions taken the business can withstand these pressures. In the current economic climate there is an increased risk of bad debts, where a customer is unable to pay for the products sold by the company, but the company is confident that through a policy of credit insurance and prudent bad debt provision procedures the risk of bad debt is minimised.

Exposure to Price, Credit, Liquidity and Cash Flow Risks

Lindab Limited is dependent on the supply of steel and therefore, the price of steel has a direct impact on the company's cost of goods sold. The price of steel has increased significantly from 2015 through to 2018, and further increases are expected into 2019. These price pressures are a well-known global market issue, not unique to Lindab Limited, and the company expects to be able to pass on these increases.

The spread of different product lines and varied customer base reduces the potential adverse impact of any of the above risks having an effect on the stability of the business. The directors believe that the company has sufficient funds available to withstand and difficulties which may arise in the next 12 months.

Brexit Risk

Lindab Ltd have considered the potential effect of various Brexit scenarios upon the business and consider the potential negative effects of Brexit to be minimal. Purchases by Lindab Ltd from the EU countries accounts for about 20% of total purchases. We also import smaller volumes from outside the EU and pay import duty for those goods in the range of 3% - 5%. We have calculated that should we have to pay similar duties on EU imports, the effect would be approximately -0.5% of company GP if we were unable to pass additional duties onto our customer.

Climate Risk

Lindab Ltd strive to be an environmentally friendly company and attention is paid to minimise impact on the environment through low carbon initiatives and recycling of waste.

The directors consider that the wider impact of climate change is not a direct risk to the company's profitability, in fact as providers of energy efficient solutions to the ventilation industry there is the potential for growth opportunities in a marketplace where climate impact is becoming an important factor in the customer product selection process.

Approved By the Board of Directors and signed on its behalf:



I T Robertson
Director

30/08/19

LINDAB LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activities of the company are set out in the Strategic Report.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

F Liedholm

I T Robertson

E K T Ackeby (resigned 13th August 2018)

I M Samuelsson (appointed 13th August 2018)

Results and dividends

The results for the year are set out on page 7.

The directors propose a dividend of £823,000 based on 2018 results.

The directors recommended and paid a dividend of £2,600,000 during the year relating to 2017 result.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management objectives

Potential risks affecting the performance and financial position of the company are set out in the Strategic Report.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various economic factors affecting the performance of the company.

Post Balance Sheet Events

On 2nd April 2019 the Company acquired 100% of the share capital of Ductmann Ltd for a total consideration of £4,905,000, part of the acquisition being funded by a short term loan of £3,000,000 from the Company parent Lindab AB.

LINDAB LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

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) including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

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

Auditors

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on its behalf.



I T Robertson
Director

30/08/19

LINDAB LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF LINDAB LIMITED

Independent auditor's report to the members of Lindab Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lindab Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

LINDAB LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF LINDAB LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

LINDAB LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF LINDAB LIMITED

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Peter Gallimore FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
30 August 2019

LINDAB LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Revenue	3	60,252	57,962
Cost of sales		(41,101)	(39,183)
Gross profit		19,151	18,779
Distribution costs		(448)	(402)
Administrative expenses		(17,359)	(14,925)
Operating profit	4	1,344	3,452
Investment income	7	7	6
Finance costs	8	(19)	(10)
Profit before taxation		1,332	3,448
Taxation	9	(509)	(824)
Profit for the financial year		823	2,624

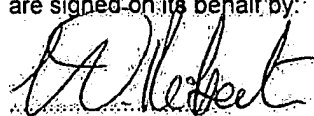
The income statement has been prepared on the basis that all operations are continuing operations.

The company has no items of comprehensive income in the current year or the prior year other than the profits reported in the year. Accordingly, no statement of comprehensive income is presented.

LINDAB LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	12		7,562		8,498
Property, plant and equipment	13		790		850
			<u>8,352</u>		<u>9,348</u>
Current assets					
Inventories	14	4,941		5,081	
Trade and other receivables	15	15,731		14,984	
Cash at bank and in hand	16	93		193	
		<u>20,765</u>		<u>20,258</u>	
Current liabilities	17	<u>(11,510)</u>		<u>(10,221)</u>	
Net current assets			<u>9,255</u>		<u>10,037</u>
Total assets less current liabilities			<u>17,607</u>		<u>19,385</u>
Provisions for liabilities	19		<u>(180)</u>		<u>(181)</u>
Net assets			<u>17,427</u>		<u>19,204</u>
Equity					
Called up share capital	22		16,525		16,525
Capital Contribution Reserve			1,032		3,632
Retained deficit			(130)		(953)
Total equity			<u>17,427</u>		<u>19,204</u>

The financial statements were approved by the board of directors and authorised for issue on 30/08/2019 and are signed on its behalf by:



I T Robertson
Director

Company Registration No. 01641399

LINDAB LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Called up share capital £000	Capital Contribution £000	Retained earnings £000	Total £000
Balance at 1 January 2017		16,525	5,212	(3,577)	18,160
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	2,624	2,624
Dividend paid in year	11	-	(1,580)	-	(1,580)
Balance at 31 December 2017		16,525	3,632	(953)	19,204
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	823	823
Dividend paid in year	11	-	(2,600)	-	(2,600)
Balance at 31 December 2018		16,525	1,032	(130)	17,427

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Lindab Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is domiciled and registered in England and Wales. The registered office is Units 9-10 Carousel Way, Riverside Business Park, Northampton, Northamptonshire, NN3 9HG.

Lindab Limited is a wholly owned subsidiary of Lindab International AB and therefore the company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. The results of Lindab Limited are included in the consolidated financial statements of this group which are available to the public and may be obtained from Lindab International AB, Järnväsgatan 41, Grevie Bastad, Sweden 269-82.

1.1 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.

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 £000.

The financial statements have been prepared on the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies adopted are set out below.

Lindab Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of disclosure exemptions available to it in respect of its own financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Interest income originating from bank accounts or late debtor payments is reported as investment income on an accruals basis (see note 7).

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

The company are satisfied that the profits generated since the introduction of the goodwill, at the point of acquisition of CCL Veloduct Ltd, fully supports the useful economic life of 20 years as stated and any impairments tests will be satisfied.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values on a straight line basis over their useful lives on the following bases:

Land and buildings Freehold	- 25 years
Leasehold improvements	- period of lease
Plant, machinery, fixtures and equipment	- 5 to 10 years

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 recognised in the income statement.

1.6 Impairment of non-current assets

At each reporting 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.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.6 Impairment of non-current assets (continued)

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition, using the FIFO method of calculation.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.9 Financial assets (continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.11 Taxation (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the year it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

There are no key accounting estimates or judgements that would lead to a material movement in the following 12 months.

3 Revenue

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

An analysis of the company's revenue is as follows:

	2018 £000	2017 £000
Turnover		
Sale of goods	<u>60,252</u>	<u>57,962</u>

4 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2018 £000	2017 £000
Exchange losses/(gains)	72	143
Fees payable to the company's auditors for the audit of the company's financial statements	31	26
Depreciation of owned property, plant and equipment	207	227
Amortisation of intangible assets	935	935
Cost of inventories recognised as an expense	35,336	33,809
Operating lease charges	<u>3,001</u>	<u>2,658</u>

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees

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

	2018 Number	2017 Number
Production staff	41	41
Warehouse staff	111	108
Administrative staff	157	153
	<u>309</u>	<u>302</u>

Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	8,435	8,121
Social security costs	797	760
Pension costs	278	271
	<u>9,510</u>	<u>9,152</u>

6 Directors' remuneration

	2018 £000	2017 £000
Remuneration for qualifying services	141	192
Company pension contributions to defined contribution schemes	18	22
	<u>159</u>	<u>214</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £000	2017 £000
Remuneration for qualifying services	141	144
Company pension contributions to defined contribution schemes	18	18

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7	Investment income	2018	2017
		£000	£000
	Interest income		
	Other interest income	7	6
	Total income	7	6
8	Finance costs	2018	2017
		£000	£000
	Interest payable to group undertakings	19	10
9	Taxation	2018	2017
		£000	£000
	Current tax		
	UK corporation tax on profits for the current year	395	779
	Adjustments in respect of prior years	88	
	Total current tax	483	779
	Deferred tax		
	Origination and reversal of timing differences	26	45
	Total deferred tax	26	45
	Total tax charge	509	824

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £000	2017 £000
Profit before taxation	1,332	3,448
Expected tax charge based on a corporation tax rate of 19% (2017 – 19.25%)	253	664
Tax effect of expenses that are not deductible in determining taxable profit	142	106
Adjustments in respect of prior years	88	-
Capital allowances in excess of depreciation	22	45
Other short term timing differences	4	9
Tax expense for the year	509	824

The reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantially enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 17% (effective 1 April 2020) as enacted by Finance Act 2016. This will reduce the company's future tax charge accordingly.

10 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2018 £000	Assets 2017 £000
Balances:		
Accelerated capital allowances	9	31
Other timing differences	3	8
	12	39

Deferred tax asset reduced due to utilisation of previous year timing differences and current year additions off set against annual investment allowance.

11 Dividends

The directors paid a dividend during the year of £2,600,000. (2017 - £1,580,000).

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

12 Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2018 and 31 December 2018	18,709
Amortisation and impairment	
At 1 January 2018	10,211
Amortisation charged for the year	936
At 31 December 2018	11,147
Carrying amount	
At 31 December 2018	7,562
At 31 December 2017	8,498

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Property, plant and equipment

	Land and buildings Freehold	Leasehold improvements	Plant, machinery, fixtures and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2018	53	1,679	6,168	-	7,900
Additions	-	94	53	-	147
Disposals	-	-	-	-	-
At 31 December 2018	53	1,773	6,221	-	8,047
Depreciation and impairment					
At 1 January 2018	40	1,290	5,720	-	7,050
Depreciation charged in the	2	96	109	-	207
Depreciation on Disposals	-	-	-	-	-
At 31 December 2018	42	1,386	5,829	-	7,257
Carrying amount					
At 31 December 2018	11	387	392	-	790
At 31 December 2017	13	389	448	-	850

14 Inventories

	2018 £000	2017 £000
Raw materials and consumables	369	556
Finished goods and goods for resale	4,572	4,525
	4,941	5,081

There is no material difference between the carrying value of stock and their replacement cost.

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

15 Trade and other receivables

	2018	2017
	£000	£000
Amounts falling due within one year:		
Trade receivables	14,786	14,167
Amount due from parent undertaking*	46	29
Other receivables	-	1
Prepayments	887	748
	<u>15,719</u>	<u>14,945</u>
Deferred tax asset	12	39
	<u>15,731</u>	<u>14,984</u>

*Amounts due from parent undertaking result from trading, repayable on demand, non-interest bearing and unsecured.

16 Cash and cash equivalents

	2018	2017
	£000	£000
Cash	93	193
	<u>93</u>	<u>193</u>

17 Current liabilities

	Notes	2018	2017
		£000	£000
Borrowings	19	3,155	1,491
Corporation tax payable		141	366
Other taxation and social security		486	622
Trade payables		5,189	4,884
Amount due to parent undertaking*		1,681	2,166
Other payables		124	93
Accruals and deferred income		734	599
		<u>11,510</u>	<u>10,221</u>

*Amounts due to parent undertaking result from trading, were repayable on demand, non-interest bearing and unsecured.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Borrowings

	2018 £000	2017 £000
Loans from parent undertaking	<u>3,155</u>	<u>1,491</u>
Payable within one year	<u>3,155</u>	<u>1,491</u>

This borrowing relates to Lindab Group cash pool arrangement, and given the nature of profits generated by Lindab Limited the directors are confident this borrowing will not be recalled for the foreseeable future. The borrowing is interest bearing.

19 Provisions for liabilities

	2018 £000	2017 £000
Restructuring provision	<u>180</u>	<u>181</u>
Movements on provisions:		Restructuring provision £000
At 1 January 2018		181
Utilisation of provision		(1)
At 31 December 2018		<u>180</u>

With the acquisition of CCL Veloduct Limited in 2007 (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 2018 and represent a proportion of the remaining balance. These will be utilised over the next 1-5 years.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £278,000 (2017 - £271,000).

21 Operating lease commitments

Lessee

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:

	2018	*Restated 2017
	£000	£000
Within one year	2,809	2,651
Between two and five years	6,879	6,517
In over five years	1,929	1,817
	<u>11,617</u>	<u>10,985</u>

*The prior year outstanding operating lease commitment has been restated and shows the future minimum lease payments under non-cancellable operating leases. The impact on the total is £8,526,000.

22 Called up share capital

	2018	2017
	£000	£000
Ordinary share capital Issued and fully paid 16,525,000 of £1 each	<u>16,525</u>	<u>16,525</u>

23 Related party transactions

As a wholly owned subsidiary of Lindab International AB, the company meets the exemption requirements of FRS102, to disclose transactions with other wholly owned members of the Group headed by Lindab International AB. There were no related party transactions other than those already disclosed in these financial statements.

24 Controlling party

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

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

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

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

25 Post Balance Sheet Events

On 2nd April 2019 the Company acquired 100% of the share capital of Ductmann Ltd for a total consideration of £4,905,000, part of the acquisition being funded by a short term loan of £3,000,000 from the Company parent Lindab AB.