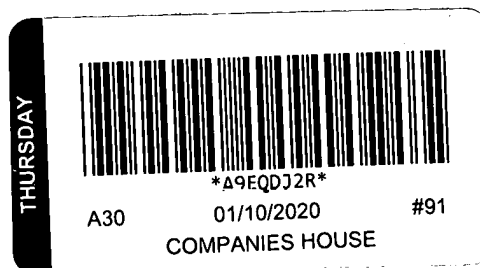


LINDAB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



LINDAB LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors	F Liedholm (resigned 30 th June 2019) I T Robertson O H G Ranstam (appointed 30 th June 2019) I M Samuelsson
Joint Company Secretary	Goodwill 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 B1 2HZ United Kingdom
Bankers	Nordea Bank Finland Plc 8th Floor, City Place House 55 Basinghall Street London EC2V 5NB

LINDAB LIMITED
STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Pages
Strategic report	1 - 4
Directors' report	5 - 7
Independent auditor's report	8 - 10
Income statement	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14 - 28

LINDAB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019, 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.

During the year the company acquired Ductmann Limited (Company Registration 02887867) a manufacturer of rectangular ducting whose product ranges and complimentary customer base are seen as a good fit with the Lindab brand.

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 directors have continued to foster good relationships with all third party partners during the year, there has been particular focus during 2019 on improving customer services levels with stockholding increasing to average 55 days in stock from average 44 days in stock in 2018 to ensure we have the right product in the right place to service our customers.

The company regularly canvasses customer satisfaction and adheres to strict supplier conformance criteria to ensure we are continually improving our service to the customer whilst providing feedback to our supply chain to encourage further improvements to products and services.

The directors have communicated with stakeholders continuing to promote the best interest of the shareholders, for example, in strong price negotiations with suppliers and the 2019 dividend being withheld to further strengthen liquidity amidst COVID-19 uncertainty.

Uncertainty surrounding the Brexit outcome had the effect of slowing down the wider construction sector which reflected in Lindab Limited's sales for the year. Total turnover decreased to £57,571,000 (2018 - £60,252,000) whilst gross profit margin improved slightly to 33% (2018 - 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 increased to £2,085,000 (2018 - £1,332,000). The improvement in year on year profit is due to cost reduction particularly in relation to transfer pricing.

The company's key financial were as follows:

	2019	2018	Change
	£000	£000	%
Turnover	57,571	60,252	-4%
Gross profit	18,743	19,151	-2%
Profit before tax	2,085	1,332	+57%

Given the prevailing market conditions the directors are satisfied the above KPIs reflect a good performance and the company is providing positive outcomes for the shareholders.

LINDAB LIMITED
STRATEGIC REPORT (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2020 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 due to the higher technical specification of Lindab product compared to our competitors.

The directors are mindful of the possible implications of COVID 19 epidemic in 2020 and its potential for a negative effect on the construction sector and the wider economy going forward, these are notated under risks and uncertainties.

Section 172 Statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to:

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

As well as the comprehensive implementation and enforcement of these principles, we have taken specific steps to address the s.172(1) Matters individually as follows:

- The directors consider economic forecast data, both nationally and specific to our industry, when making decisions, acting in the best interest of all parties, for the long term benefit of stakeholders
- The directors regular canvass the company employees via an annual employee satisfaction survey , annual one-to-one personal development talks and employee representation on important committees, e.g. Health & Safety Committee
- The directors are in regular communication with customers, suppliers and other interested parties, the company is well represented in relevant trade associations and trade bodies
- The directors consider the community and the environment when conducting business, examples being maximum allowable CO2 emissions on company vehicles and gradual conversion to hybrid / electric fleet
- The company has a strong code of ethics and anti-bribery policies in place, from time to time the company has a legal audit performed by external lawyers to ensure we meet the requirements of completion law.
- The directors operate a fair and arms- length approach when dealing with members of the company, for example an anonymous whistle blower facility is available to all employees via the companies Intranet, it is managed by Group legal department.

LINDAB LIMITED
STRATEGIC REPORT (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2019

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, geographical regions and a loyal, mature customer base 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. The directors are aware of potential for bad debts arising from COVID-19 business interruption but through a combination of credit insurance, strongly enforced credit control procedures and a widespread customer base we believe the company is well placed to minimise impact of bad debt.

Exposure to Price, 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. 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 any increases.

The spread of different product lines and varied customer base reduces the potential adverse impact of any risks related to cash flow and liquidity. The directors believe that the company has sufficient funds available to withstand difficulties which may arise in the next 12 months.

Brexit Risk

Lindab Limited 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 Limited 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 gross profit if we were unable to pass additional duties onto our customer.

Covid-19 Risk

In response to the COVID-19 pandemic and global market volatility, Lindab has activated robust business continuity plans to minimise disruptions to the business and adapt to evolving market conditions. Our top priority is the health and safety of our staff, customers, and the communities in which we operate. We have taken appropriate precautions in this regard while continuing to deliver products and services to meet our customers' needs. To that end, we are following the advice of health authorities the UK. We have implemented social distancing, team separation, and extensive work from home initiatives, as well as eliminated all non-essential travel

We remain well-positioned to serve customers with the social distancing rules applied. The majority of the branch operations currently remain open. As conditions evolve, we will adjust our plans in line with our business continuity protocols, with employee, customer and community health and safety as our highest priority. We recognise, however, that the effects of the COVID-19 pandemic and government or customer actions to respond could ultimately be materially disruptive for Lindab.

Lindab is in a strong financial position whilst also being an important player in the construction industry. This together with the company's diverse customer base and the support of the Lindab Group means the company is in a strong position to overcome the difficulties COVID-19 may have on the company and the sector.

LINDAB LIMITED
STRATEGIC REPORT (CONT)
FOR THE YEAR ENDED 31 DECEMBER 2019

The company has assessed the impact of COVID-19 on the cash flow forecast and believe the company can continue to serve our customers. The company has taken advantage of Government support programs in respect of COVID-19, for example we have furloughed 50% of employees temporarily and deferred payment of taxes where permissible, and the directors will take any necessary actions required to protect the company for the long term.

Climate Risk

Lindab Limited strive to be an environmentally friendly company and attention is paid to minimise the 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



23rd September 2020

LINDAB LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

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:

I M Samuelsson

I T Robertson

F Liedholm (resigned 30th June 2019)

O H G Ranstam (appointed 30th June 2019)

Results and dividends

The results for the year are set out on page 8.

The directors propose no dividend for 2019 due to COVID-19 situation.

The directors recommended and paid a dividend of £823,000 during the year relating to the 2018 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.

The company is supported by the Lindab Group and the decision has been taken not to declare a dividend for 2019 in order to maintain the Company's balance sheet position in light of the uncertainties created by COVID-19.

The directors are confident that, based on expectations of future trading and cash flow, which have taken into account the directors' best estimate of the impact of COVID-19 on the business, there is sufficient funding available through group cash pooling arrangements, combined with Government support programs, to enable the Company to survive the economic downturn created by COVID-19 pandemic. In addition the company has taken advantage of Government support programs in respect of COVID-19, for example we furloughed 50% of employees temporarily and deferred payment of taxes where permissible. The directors will take any necessary actions required to protect the company for the long term.

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.

LINDAB LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 by way of monthly newsletters. Employees have annual personnel development talks and are actively encouraged to partake in companies activities, e.g. Health & Safety Committee etc.

Post Balance Sheet Events

The UK COVID-19 lockdown announced 23rd March has seen sales reduce to 60% of expected levels in the period April to June 2020, with an expectation sales will return to 80% of expected levels by the end of the year. All Lindab branches have maintained some degree of operation during the lockdown and our production facility has been unaffected as the company quickly reverted to safe working practices as per Public Health England guidelines.

Construction sites are re-opening and efficient ways of working safely are developing quickly so demand for Lindab products is expected to improve in the second half of the year.

The directors believe that as a consequence of proactive safe working measures combined with Government support programmes the company will achieve a positive operating profit in 2020.

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.

LINDAB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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

.....
I T Robertson
Director



23rd.
September 2020

LINDAB LIMITED
INDEPENDENT AUDITOR'S REPORT
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 2019 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
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
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
23 September 2020

LINDAB LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Revenue	3	57,571	60,252
Cost of sales		(38,828)	(41,101)
Gross profit		18,743	19,151
Distribution costs		(398)	(448)
Administrative expenses		(16,187)	(17,359)
Operating profit	4	2,158	1,344
Investment income	7	7	7
Finance costs	8	(80)	(19)
Profit before taxation		2,085	1,322
Tax on profit	9	(588)	(509)
Profit for the financial year attributable to the equity shareholders of the Company		1,497	823

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 separate statement of comprehensive income is presented.

LINDAB LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Investments	12	4,905	-
Goodwill	13	6,627	7,562
Property, plant and equipment	14	702	790
		<u>12,234</u>	<u>8,352</u>
Current assets			
Inventories	15	5,771	4,941
Trade and other receivables	16	14,689	15,731
Cash at bank and in hand	17	94	93
		<u>20,554</u>	<u>20,765</u>
Creditors: amount falling due within one year	18	<u>(14,212)</u>	<u>(11,510)</u>
Net current assets		<u>6,342</u>	<u>9,255</u>
Total assets less current liabilities		<u>18,576</u>	<u>17,607</u>
Provisions for liabilities	20	<u>(475)</u>	<u>(180)</u>
Net assets		<u>18,101</u>	<u>17,427</u>
Equity			
Called up share capital	23	16,525	16,525
Capital Contribution Reserve		209	1,032
Retained Earnings		1,367	(130)
Shareholder funds		<u>18,101</u>	<u>17,427</u>

The financial statements were approved by the board of directors and authorised for issue on 23/09/2020 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 2019

	Notes	Called up share capital £000	Capital Contribution £000	Retained earnings £000	Total £000
Balance at 1 January 2018		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
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	1,497	1,497
Dividend paid in year	11	-	(823)	-	(823)
Balance at 31 December 2019		16,525	209	1,367	18,101

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 financial statements. 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 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.

The company is supported by the Lindab Group and the decision has been taken not to declare a dividend for 2019 in order to maintain the Company's balance sheet position in light of the uncertainties created by COVID-19.

The directors are confident that, based on expectations of future trading and cash flow, which have taken into account the directors' best estimate of the impact of COVID-19 on the business, there is sufficient funding available through group cash pooling arrangements, combined with Government support programs, to enable the Company to survive the economic downturn created by COVID-19 pandemic. In addition the company has taken advantage of Government support programs in respect of COVID-19, for example we furloughed 50% of employees temporarily and deferred payment of taxes where permissible. The directors will take any necessary actions required to protect the company for the long term.

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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).

1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of the trade and assets of 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 is satisfied that the period and quantum of future forecast profits from the acquisition of trade and assets of CCL Veloduct Limited fully supports the estimated useful economic life of 20 years and that there are no indicators of impairment

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, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost 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 2019

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.

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.

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.

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 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

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 2019

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 2019

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:

	2019 £000	2018 £000
Turnover		
Sale of goods	<u>57,571</u>	<u>60,252</u>

4 Operating profit

	2019 £000	2018 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(172)	72
Fees payable to the company's auditors for the audit of the company's financial statements	41	31
Depreciation of owned property, plant and equipment	181	207
Amortisation of intangible assets	935	935
Cost of inventories recognised as an expense	32,999	35,336
Operating lease charges	<u>3,126</u>	<u>3,001</u>

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

5 Employees

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

	2019	2018
	Number	Number
Production staff	43	41
Warehouse staff	111	111
Administrative staff	161	157
	<u>315</u>	<u>309</u>

Their aggregate remuneration comprised:

	2019	2018
	£000	£000
Wages and salaries	8,672	8,435
Social security costs	825	797
Pension costs	353	278
	<u>9,850</u>	<u>9,510</u>

6 Directors' remuneration

	2019	2018
	£000	£000
Remuneration for qualifying services	145	141
Company pension contributions to defined contribution schemes	19	18
	<u>164</u>	<u>159</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 – 1).

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

	2019	2018
	£000	£000
Remuneration for qualifying services	145	141
Company pension contributions to defined contribution schemes	19	18

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7	Investment income	2019	2018
		£000	£000
	Interest income		
	Other interest income	7	7
	Total income	7	7
8	Finance costs	2019	2018
		£000	£000
	Interest payable to group undertakings	80	19
9	Taxation	2019	2018
		£000	£000
	Current tax		
	UK corporation tax on profits for the current year	579	395
	Adjustments in respect of prior years	-	88
	Total current tax	579	483
	Deferred tax		
	Origination and reversal of timing differences	9	26
	Total deferred tax	9	26
	Total tax charge	588	509

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation (continued)

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

	2019 £000	2018 £000
Profit before taxation	2,085	1,332
Expected tax charge based on a corporation tax rate of 19% (2018 – 19%)	396	253
Tax effect of expenses that are not deductible in determining taxable profit	183	142
Adjustments in respect of prior years	-	88
Capital allowances in excess of depreciation	9	22
Other short-term timing differences	-	4
Tax expense for the year	588	509

In the Finance (No. 2) Act 2015 it was substantively enacted that the UK corporation tax rate would further reduce to 17% effective from 1 April 2020. However, in the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements and the rate of 17% is used for measuring deferred tax assets and liabilities.

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 2019 £000	Assets 2018 £000
Balances:		
Accelerated capital allowances	-	9
Other timing differences	3	3
	3	12

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 £823,000 (2018 - £2,600,000).

LINDAB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

12 Investments

Lindab Limited holds 100% of the ordinary shares in the following wholly owned subsidiary undertakings at 31 December 2019.

Company	Principal activity
Ductmann Limited	Rectangular Ductwork

Registered Office

Units 9 & 10 Carousel Way
Riverside Industrial Estate
Northampton
NN3 9HG

The company was acquired in April 2019 and has a book value of £4,905,000.

The company is incorporated in England and Wales, registration number 02887867

13 Goodwill

	Goodwill £000
Cost	
At 1 January 2019 and 31 December 2019	18,709
Amortisation and impairment	
At 1 January 2019	11,147
Amortisation charged for the year	935
At 31 December 2019	12,082
Carrying amount	
At 31 December 2019	6,627
At 31 December 2018	7,562

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Property, plant and equipment

	Land and buildings Freehold	Leasehold improvements	Plant, machinery, fixtures and equipment	Total
	£000	£000	£000	£000
At 1 January 2019	53	1,773	6,221	8,047
Additions	-	26	67	93
At 31 December 2019	53	1,799	6,288	8,140
Depreciation and				
At 1 January 2019	42	1,386	5,829	7,257
Depreciation charged in the	2	76	103	181
At 31 December 2019	44	1,462	5,932	7,438
At 31 December 2019	9	337	356	702
At 31 December 2018	11	387	392	790

15 Inventories

	2019 £000	2018 £000
Raw materials and consumables	554	369
Finished goods and goods for resale	5,217	4,572
	5,771	4,941

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

16 Trade and other receivables

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade receivables	13,680	14,786
Amount due from parent undertaking*	-	46
Other receivables	4	-
Prepayments	1,002	887
	<u>14,686</u>	<u>15,719</u>
Deferred tax asset	3	12
	<u>14,689</u>	<u>15,731</u>

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

17 Cash at bank and in hand

	2019 £000	2018 £000
Cash	94	93
	<u>94</u>	<u>93</u>

18 Current liabilities

	Notes	2019 £000	2018 £000
Borrowings	19	6,660	3,155
Corporation tax payable		178	141
Other taxation and social security		339	486
Trade payables		4,954	5,189
Amount due to parent undertaking*		979	1,681
Other payables		176	124
Accruals and deferred income		926	734
		<u>14,212</u>	<u>11,510</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 2019

19 Borrowings

	2019 £000	2018 £000
Loans from parent undertaking	6,660	3,155
Payable within one year	6,660	3,155

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.

20 Provisions for liabilities

	2019 £000	2018 £000
Restructuring provision	475	180

Movements on provisions:

	Dilapidation provision £000
At 1 January 2019	180
Provisions charged during the year	295
Utilisation of provision	(0)
At 31 December 2019	475

Provisions relate to dilapidation or significant repair cost on leased properties. The provisions will be fully utilised within 12 months.

LINDAB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 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 £353,000 (2018 - £278,000).

22 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:

	2019	2018
	£000	£000
Within one year	2,761	2,809
Between one and five years	6,043	6,879
In over five years	1,453	1,929
	<u>10,257</u>	<u>11,617</u>

23 Called up share capital

	2019	2018
	£000	£000
Ordinary share capital		
Issued and fully paid		
16,525,000 of £1 each	<u>16,525</u>	<u>16,525</u>

24 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.

25 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 2019

26 Post balance sheet events

Following the outbreak of Covid-19 in Q1 2020 in the UK, and the subsequent lock down measures which followed in late March 2020, the company took the decision to temporarily close a small number of warehouses, to furlough approximately 150 employees and to take advantage of the VAT deferral scheme.