

Registered number: 02565032

TROAX LEE MANUFACTURING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



TROAX LEE MANUFACTURING LIMITED

COMPANY INFORMATION

DIRECTORS	T Widstrand K N Cooper D W Teulon
COMPANY SECRETARY	K N Cooper
REGISTERED NUMBER	02565032
REGISTERED OFFICE	Enterprise House Murdock Road Dorcan Swindon Wiltshire SN3 5HY
INDEPENDENT AUDITOR	Crowe U.K. LLP Carrick House Lypiatt Road Cheltenham GL50 2QJ
BANKERS	Nordea Bank Finland Plc 8th Floor City Place House 55 Basinghall Street London United Kingdom EC2V 5NB
SOLICITORS	Bevan Brittan LLP Kings Orchard 1 Queen Street Bristol BS2 0HQ

TROAX LEE MANUFACTURING LIMITED

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TROAX LEE MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

DIRECTORS

The directors who served during the year were:

T Widstrand
K N Cooper
D W Teulon

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

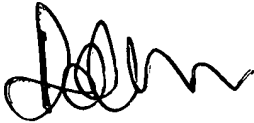
TROAX LEE MANUFACTURING LIMITED

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

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *18/03/2019* and signed on its behalf.



D W Teulon
Director

TROAX LEE MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX LEE MANUFACTURING LIMITED

OPINION

We have audited the financial statements of Troax Lee Manufacturing Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

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

TROAX LEE MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX LEE MANUFACTURING LIMITED (CONTINUED)

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 this regard.

OPINION 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page 1, 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.

TROAX LEE MANUFACTURING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX LEE MANUFACTURING LIMITED (CONTINUED)

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's shareholder 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 shareholder 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 shareholder for our audit work, for this report, or for the opinions we have formed.


Martin Regan (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

19 March 2019

TROAX LEE MANUFACTURING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover		6,618,106	6,239,795
Cost of sales		(4,982,964)	(4,470,963)
GROSS PROFIT		1,635,142	1,768,832
Distribution costs		(347,636)	(324,930)
Administrative expenses		(650,589)	(570,345)
OPERATING PROFIT		636,917	873,557
Interest receivable and similar income		-	16,577
PROFIT BEFORE TAX		636,917	890,134
Tax on profit	4	(116,250)	(171,596)
PROFIT FOR THE FINANCIAL YEAR		520,667	718,538

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 8 to 15 form part of these financial statements.

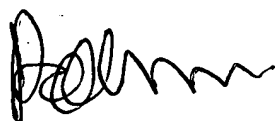
TROAX LEE MANUFACTURING LIMITED
REGISTERED NUMBER: 02565032

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	6	268,025	314,111
		<u>268,025</u>	<u>314,111</u>
CURRENT ASSETS			
Stocks	7	378,392	344,311
Debtors: amounts falling due within one year	8	1,039,596	3,154,804
Cash at bank and in hand		800,030	87,760
		<u>2,218,018</u>	<u>3,586,875</u>
Creditors: amounts falling due within one year	9	(968,277)	(924,366)
NET CURRENT ASSETS		<u>1,249,741</u>	<u>2,662,509</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,517,766</u>	<u>2,976,620</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	10	(41,814)	(54,570)
		<u>(41,814)</u>	<u>(54,570)</u>
NET ASSETS		<u><u>1,475,952</u></u>	<u><u>2,922,050</u></u>
CAPITAL AND RESERVES			
Called up share capital		100,000	100,000
Profit and loss account		1,375,952	2,822,050
		<u><u>1,475,952</u></u>	<u><u>2,922,050</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



D W Teulon
Director

18/03/2019

TROAX LEE MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

1.1 COMPANY INFORMATION

Troax Lee Manufacturing Limited is a private company which is incorporated in England (No. 02565032). The address of its registered office is Enterprise House, Murdock Road, Dorcan, Swindon, Wiltshire, SN3 5HY.

The principal activity is the manufacture, distribution and installation of industrial partitioning and materials handling software.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ('FRS 102') Section 1A Small Entities and with the Companies Act 2006.

1.3 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax. Turnover is recognised when the goods have been despatched.

1.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Short-term leasehold property	-	over the term of the lease
Plant and machinery	-	10% - 15% per annum
Fixtures and fittings	-	20% per annum
Computer equipment	-	33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.5 STOCKS

Stocks are stated at the lower of cost and net realisable value, cost is determined as follows:

Raw materials and goods for resale - purchase cost in a first in first out basis; and

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on normal levels of activity.

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

Provision is made for any items which in the opinion of the directors are slow moving.

1.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

1.7 CASH

Cash is represented by cash in hand and deposits with financial institutions.

1.8 CREDITORS

Short term creditors are measured at the transaction price.

1.9 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. *Final equity dividends are recognised when approved by the shareholders at an annual general meeting.*

TROAX LEE MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES (CONTINUED)

1.12 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.13 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2. EMPLOYEES

The average monthly number of employees, including directors, during the year was 35 (2017 - 35).

3. AUDITORS REMUNERATION

The auditors remuneration for the year was £8,240 (2017: £7,995).

4. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	<u>129,006</u>	<u>162,592</u>
DEFERRED TAX		
Origination and reversal of timing differences	<u>(12,756)</u>	<u>9,004</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u><u>116,250</u></u>	<u><u>171,596</u></u>

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. DIVIDENDS

	2018 £	2017 £
Dividends paid to Troax (UK) Limited	<u>1,966,764</u>	<u>1,000,000</u>

6. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
COST OR VALUATION					
At 1 January 2018	9,044	1,555,484	56,062	47,646	1,668,236
Additions	-	5,510	-	-	5,510
At 31 December 2018	<u>9,044</u>	<u>1,560,994</u>	<u>56,062</u>	<u>47,646</u>	<u>1,673,746</u>
DEPRECIATION					
At 1 January 2018	9,044	1,258,533	48,801	37,747	1,354,125
Charge for the year on owned assets	-	42,472	2,604	6,520	51,596
At 31 December 2018	<u>9,044</u>	<u>1,301,005</u>	<u>51,405</u>	<u>44,267</u>	<u>1,405,721</u>
NET BOOK VALUE					
At 31 December 2018	<u>-</u>	<u>259,989</u>	<u>4,657</u>	<u>3,379</u>	<u>268,025</u>
At 31 December 2017	<u>-</u>	<u>296,951</u>	<u>7,261</u>	<u>9,899</u>	<u>314,111</u>

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. STOCKS

	2018 £	2017 £
Raw materials and consumables	313,080	288,422
Work in progress	65,312	55,889
	<u>378,392</u>	<u>344,311</u>

8. DEBTORS

	2018 £	2017 £
Trade debtors	997,588	1,099,871
Amounts owed by group undertakings	-	1,992,655
Prepayments and accrued income	42,008	62,278
	<u>1,039,596</u>	<u>3,154,804</u>

9. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	155,370	118,909
Amounts owed to group undertakings	281,318	342,969
Corporation tax	76,253	90,073
Other taxation and social security	87,892	105,184
Accruals and deferred income	367,444	267,231
	<u>968,277</u>	<u>924,366</u>

10. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	54,570	45,566
Charged to the profit or loss	(12,756)	9,004
AT END OF YEAR	<u>41,814</u>	<u>54,570</u>

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	<u>41,814</u>	<u>54,570</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Property leases		
Not later than 1 year	19,438	165,000
Later than 1 year and not later than 5 years	-	19,438
	<u>19,438</u>	<u>184,438</u>
	2018 £	2017 £
Other leases		
Not later than 1 year	20,368	14,804
Later than 1 year and not later than 5 years	27,836	30,404
Later than 5 years	-	620
	<u>48,204</u>	<u>45,828</u>

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS102 section 33 "Related Party Disclosures", not to disclose details of its transactions with related parties. This exemption is available as the transactions are with other wholly owned members of the group.

TROAX LEE MANUFACTURING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Troax (UK) Limited, a company incorporated and registered in the UK.

The ultimate parent company is Troax Group AB, which is incorporated and registered in Sweden.

Troax Group AB heads the smallest and largest group which prepares consolidated group financial statements, which includes the results of the company. The group financial statements are available from Enterprise House, Murdock Road, Dorcan, Swindon, Wiltshire, SN3 5HY.