

Dalair Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2023

Jordan & Company
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

Dalair Limited

Contents

Company Information	<u>1</u>
Strategic Report	<u>2 to 3</u>
Directors' Report	<u>4 to 5</u>
Statement of Directors' Responsibilities	<u>6</u>
Independent Auditor's Report	<u>7 to 10</u>
Profit and Loss Account	<u>11</u>
Statement of Comprehensive Income	<u>12</u>
Balance Sheet	<u>13</u>
Statement of Changes in Equity	<u>14</u>
Notes to the Financial Statements	<u>15 to 26</u>

Dalair Limited

Company Information

Directors	Mr D J Moseley Mr A McKay Mr C Olin Mr R Vollert Mr A Ö Wellstam
Registered office	Southern Way, Wednesbury, West Midlands. WS10 7BU
Solicitors	Waldrons Solicitors Capstan House The Waterfront Merry Hill West Midlands DY5 1XL
Auditors	Jordan & Company Knighton House 62 Hagley Road Stourbridge West Midlands DY8 1QD

Dalair Limited

Strategic Report for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Principal activity

The principal activity of the company is the manufacturing and factoring of ventilation and heating systems.

Fair review of the business

Market overview

The company continues to expand its UK market share both within the commercial and healthcare sectors. Supply chain issues have improved significantly during the year.

Results

The results for the financial period and the financial position of the company are shown in the accompanying financial statements.

Profit before taxation for the financial year ended 31st December 2023 was £4.686 million (2022: £2.980 million). Net assets as at 31st December 2023 were £12.767 million (2022: £11.776 million).

Review of business and future developments

The turnover of the company was £23.339 million (2022: £18.013 million). Gross profit was £8.274 million (2022-£6.643 million) at a margin of 36% (2022 - 37%).

The business continued to develop its market share in each of its product sections with new products in certain markets showing significant growth potential.

The company continues to improve processes, products, services and solutions as part of the performance of daily work. It seeks to achieve improvements in the cost, quality and service to customers and to strengthen performance through the evolution of systems, standards and tools.

The company has invested in new production equipment and additional space to increase manufacturing output to meet expanding market demand.

Dalair Limited

Strategic Report for the Year Ended 31 December 2023

Principal risks and uncertainties

Any of the following could materially and adversely impact the results of operations of our business: loss of, or changes in, building automation or facility management supply contracts with our major customers; delays or difficulties in new product development; the introduction of similar or superior technologies; financial instability or market declines of our major or component suppliers; a significant decline in the construction of new commercial buildings requiring interior control systems; changes in energy costs or governmental regulations that would decrease the incentive for customers to update or improve their interior control systems; increased energy efficiency legislation requirements; and a decline in the outsourcing of facility management services.

The company requires risk management and operational policies and procedures to be implemented in all areas of the business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company's contracts and to oversee relationships with its key stakeholders.

Promoting the success of the company

The directors' overarching duty is to promote the success of the company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in section 172. The board regards a well governed business as essential for the successful delivery of its principal activity.

The directors are aware of their duty under section 172 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 (amongst other matters) to:

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

The company is a UK subsidiary of Swegon Group AB, a subsidiary of Investment AB Latour (publ) quoted on the Swedish Stock Exchange. The company forms part of the Swegon division of Investment AB Latour (publ). The board of Swegon Group AB manages the group's operations on a global and countrywide basis. From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the entity, the company's directors believe that the requirements of section 172 (1) (a) - (f) are discussed in detail in the Investment AB Latour (publ)'s 2023 Annual Report on pages [1] to [88] which does not form part of this report.

Approved and authorised by the Board on 28 October 2024 and signed on its behalf by:

.....
Mr A McKay
Director

Dalair Limited

Directors' Report for the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors of the company

The directors who held office during the year were as follows:

Mr D J Moseley

Mr A McKay (appointed 1 January 2023)

Mr C Olin (appointed 1 January 2023)

Mr R Vollert (appointed 1 January 2023)

Mr A Ö Wellstam (appointed 1 January 2023)

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

The company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract.

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the group. Consequently, exchange rate risk is not significant.

Price risk

The business is subject to market forces and will impact the prices for product and project management services.

Engagement with employees

From the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate.

The board acknowledges that communication with employees is paramount and carries out regular employee briefings, newsletters, bulletin boards and quarterly town hall meetings with all employees across all the UK sites in the Group.

An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out in Investment AB Latour (publ)'s 2023 Annual Report on pages [1] to [88], which does not form part of this report.

Dalair Limited

Directors' Report for the Year Ended 31 December 2023

Engagement with suppliers, customers and other relationships

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out (for the group and for the entity) in Investment AB Latour (publ)'s 2023 Annual Report on pages [1] to [88], which does not form part of this report.

The company engages with stakeholder groups (customers, suppliers and partners, shareholders and investors, employees and society) in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers and consumers. The company is active within the regulator governance of its industries to promote improvements and compliance with standards.

The Board believes in the importance of conducting business responsibly. That means behaving ethically, respecting people and respect the environment. The company aims to maintain high standard of business conduct and stakeholder engagement and to ensure a positive impact on the community and environment in which it operates.

Going concern

Based on the internal forecasts and projections that take into account reasonably possible changes in the company's trading performance, the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Jordan & Company are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 28 October 2024 and signed on its behalf by:

.....

Mr A McKay

Director

Dalair Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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.

Dalair Limited

Independent Auditor's Report to the Members of Dalair Limited

Opinion

We have audited the financial statements of Dalair Limited (the 'company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, 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 2023 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 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this regard.

Dalair Limited

Independent Auditor's Report to the Members of Dalair Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience;

Dalair Limited

Independent Auditor's Report to the Members of Dalair Limited

- We focused on specific laws and regulations which were considered to have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journals to identify unusual transactions;
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and the company's legal advisors
- We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with director and other management, and from my commercial knowledge and experience;

- We focused on specific laws and regulations which were considered to have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that was sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control procedures.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

Dalair Limited

Independent Auditor's Report to the Members of Dalair Limited

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

A further description of our responsibilities is available 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 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.

.....
Mark Jordan FCA (Senior Statutory Auditor)
For and on behalf of Jordan & Company, Statutory Auditor
Knighton House
62 Hagley Road
Stourbridge
West Midlands
DY8 1QD

28 October 2024

Dalair Limited

Profit and Loss Account for the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	23,339,021	18,013,119
Cost of sales		<u>(15,065,009)</u>	<u>(11,369,773)</u>
Gross profit		8,274,012	6,643,346
Administrative expenses		(3,649,567)	(3,967,120)
Other operating income	<u>4</u>	<u>-</u>	<u>295,392</u>
Operating profit	<u>6</u>	<u>4,624,445</u>	<u>2,971,618</u>
Other interest receivable and similar income	<u>7</u>	70,526	20,248
Interest payable and similar expenses	<u>8</u>	<u>(8,301)</u>	<u>(11,100)</u>
		<u>62,225</u>	<u>9,148</u>
Profit before tax		4,686,670	2,980,766
Tax on profit	<u>12</u>	<u>(1,138,958)</u>	<u>(579,448)</u>
Profit for the financial year		<u>3,547,712</u>	<u>2,401,318</u>

The above results were derived from continuing operations.

Dalair Limited

Statement of Comprehensive Income for the Year Ended 31 December 2023

	2023 £	2022 £
Profit for the year	3,547,712	2,401,318
Surplus on property, plant and equipment revaluation	943,153	-
Deficit on revaluation of other assets	-	(236,041)
	943,153	(236,041)
Total comprehensive income for the year	<u>4,490,865</u>	<u>2,165,277</u>

Dalair Limited

(Registration number: 01578326) Balance Sheet as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	<u>13</u>	6,572,976	5,551,368
Current assets			
Stocks	<u>15</u>	1,149,737	898,350
Debtors	<u>16</u>	7,848,057	4,512,469
Cash at bank and in hand		2,513,382	4,234,410
		<u>11,511,176</u>	<u>9,645,229</u>
Creditors: Amounts falling due within one year	<u>18</u>	<u>(4,757,503)</u>	<u>(3,031,325)</u>
Net current assets		<u>6,753,673</u>	<u>6,613,904</u>
Total assets less current liabilities		13,326,649	12,165,272
Creditors: Amounts falling due after more than one year	<u>18</u>	(63,384)	(148,670)
Provisions for liabilities	<u>19</u>	<u>(496,016)</u>	<u>(240,218)</u>
Net assets		<u>12,767,249</u>	<u>11,776,384</u>
Capital and reserves			
Called up share capital		50	50
Revaluation reserve		4,336,764	3,393,611
Retained earnings		8,430,435	8,382,723
Shareholders' funds		<u>12,767,249</u>	<u>11,776,384</u>

Approved and authorised by the Board on 28 October 2024 and signed on its behalf by:

.....
Mr A McKay
Director

Dalair Limited

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2023	50	3,393,611	8,382,723	11,776,384
Profit for the year	-	-	3,547,712	3,547,712
Other comprehensive income	-	943,153	-	943,153
Total comprehensive income	-	943,153	3,547,712	4,490,865
Dividends	-	-	(3,500,000)	(3,500,000)
At 31 December 2023	50	4,336,764	8,430,435	12,767,249
	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2022	50	3,629,652	6,403,796	10,033,498
Profit for the year	-	-	2,401,318	2,401,318
Other comprehensive income	-	(236,041)	-	(236,041)
Total comprehensive income	-	(236,041)	2,401,318	2,165,277
Dividends	-	-	(422,391)	(422,391)
At 31 December 2022	50	3,393,611	8,382,723	11,776,384

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Southern Way,
Wednesbury,
West Midlands.
WS10 7BU

These financial statements were authorised for issue by the Board on 28 October 2024.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared and presented in the functional currency of the company which is sterling (£) .

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

Name of parent of group

These financial statements are consolidated in the financial statements of Investment AB Latour (publ).

The financial statements of Investment AB Latour (publ) may be obtained from the group company website (<https://www.latour.se/en/investor-relations/reports-and-presentations>).

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Going concern

The financial statements have been prepared on a going concern basis. The directors have forecast the company's performance and considered whether the company could withstand a downturn in activity. Based on this review, the directors have concluded that under all plausible eventualities, even before considering the impact of mitigating actions, the company has access to sufficient financial resources to enable it to meet its liabilities as they fall due. As a result, the directors consider it appropriate to adopt a going concern basis when preparing these financial statements.

Judgements

The directors consider that there are no critical accounting judgements that have a material impact on the financial statements.

Key sources of estimation uncertainty

The directors consider that there are no key sources of estimation uncertainty that have a material impact on the financial statements. .

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	Straight line over 50 years
Plant and machinery	Straight line over 7 years
Fixtures and fittings	Straight line over 7 years
Motor vehicles	Straight line over 4 years

Impairment of non-financial assets

All non-financial assets are reviewed for impairment if there is an indication that the carrying value of the asset may have been impaired. Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. Where an impairment review is required, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets. Assets are grouped at the lowest level for which there is a separately identifiable cash flow (cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress 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. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Recognition and measurement

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are initially recognised at transaction price.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023	2022
	£	£
Sale of goods	23,339,021	18,013,119

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Miscellaneous other operating income	-	295,392

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2023	2022
	£	£
Gain on disposal of tangible assets	20,190	31,250

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

6 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	238,112	208,123
Operating lease expense - property	76,326	99,767
Operating lease expense - plant and machinery	87,515	84,321
Profit on disposal of property, plant and equipment	<u>(20,190)</u>	<u>(31,250)</u>

7 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	<u>70,526</u>	<u>20,248</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>8,301</u>	<u>11,100</u>

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	5,951,471	5,200,502
Social security costs	588,059	529,870
Other short-term employee benefits	31,549	31,778
Pension costs, defined contribution scheme	125,455	149,676
Other employee expense	<u>33,062</u>	<u>8,313</u>
	<u>6,729,596</u>	<u>5,920,139</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Production	118	107
Administration and support	35	34
Management	<u>11</u>	<u>11</u>
	<u>164</u>	<u>152</u>

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	188,400	146,212

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023	2022
	No.	No.
Accruing benefits under defined benefit pension scheme	1	1

11 Auditors' remuneration

	2023	2022
	£	£
Audit of the financial statements	12,800	8,000

12 Taxation

Tax charged/(credited) in the profit and loss account

	2023	2022
	£	£
Current taxation		
UK corporation tax	1,138,958	575,844
UK corporation tax adjustment to prior periods	-	(94)
	1,138,958	575,750
Deferred taxation		
Arising from origination and reversal of timing differences	-	3,698
Tax expense in the income statement	1,138,958	579,448

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

	2023	2022
	£	£
Profit before tax	4,686,670	2,980,766
Corporation tax at standard rate	1,101,367	566,346
Tax increase from effect of capital allowances and depreciation	34,588	10,131
Effect of expense not deductible in determining taxable profit (tax loss)	3,003	2,971
Total tax charge	1,138,958	579,448
Deferred tax		
Deferred tax assets and liabilities		
	Asset	Liability
	£	£
2023		
Accelerated capital allowances	-	1,224
Property revaluation	-	494,792
	-	496,016
	-	496,016
	Asset	Liability
	£	£
2022		
Accelerated capital allowances	-	4,177
Property revaluation	-	236,041
	-	240,218
	-	240,218

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Tangible assets

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £
Cost or valuation				
At 1 January 2023	5,465,000	362,357	821,646	677,986
Revaluations	1,035,000	-	-	-
Additions	-	-	60,769	-
Disposals	-	-	-	(24,490)
At 31 December 2023	6,500,000	362,357	882,415	653,496
Depreciation				
At 1 January 2023	163,950	362,357	788,256	461,057
Charge for the year	130,000	-	11,632	96,480
Eliminated on disposal	-	-	-	(24,490)
Elimination on revaluation	(163,950)	-	-	-
At 31 December 2023	130,000	362,357	799,888	533,047
Carrying amount				
At 31 December 2023	6,370,000	-	82,527	120,449
At 31 December 2022	5,301,050	-	33,389	216,929
				Total £
Cost or valuation				
At 1 January 2023				7,326,989
Revaluations				1,035,000
Additions				60,769
Disposals				(24,490)
At 31 December 2023				8,398,268
Depreciation				
At 1 January 2023				1,775,620
Charge for the year				238,112
Eliminated on disposal				(24,490)
Elimination on revaluation				(163,950)
At 31 December 2023				1,825,292
Carrying amount				
At 31 December 2023				6,572,976
At 31 December 2022				5,551,368

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Included within the net book value of land and buildings above is £6,370,000 (2022 - £5,301,050) in respect of freehold land and buildings.

Revaluation

The fair value of the company's Freehold property was revalued on 18 December 2023 by an independent valuer. The valuation was undertaken by Harris Lamb Property Consultancy.

The historical cost of revalued assets is £2,900,834 (2022: £2,900,834) .

14 Business combinations

On 1 January 2023, Swegon Ltd acquired 100% of the issued share capital of Dalair Limited , obtaining control.

15 Stocks

	2023 £	2022 £
Raw materials and consumables	1,066,750	881,900
Work in progress	82,987	16,450
	1,149,737	898,350

16 Debtors

	Note	2023 £	2022 £
Current			
Trade debtors		5,627,914	4,098,288
Amounts owed by related parties	<u>24</u>	2,000,000	-
Other debtors		-	377,404
Prepayments		220,143	36,777
		7,848,057	4,512,469

17 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	2,513,382	4,234,410
	2,513,382	4,234,410

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

18 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	<u>22</u>	80,366	132,398
Trade creditors		2,755,917	1,743,257
Social security and other taxes		547,236	539,489
Outstanding defined contribution pension costs		27,399	-
Other payables		121,427	782
Accruals		520,200	389,649
Income tax liability	<u>12</u>	704,958	225,750
		4,757,503	3,031,325
Due after one year			
Loans and borrowings	<u>22</u>	63,384	148,670

19 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2023	240,218	240,218
Increase (decrease) in existing provisions	255,798	255,798
At 31 December 2023	496,016	496,016

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £125,455 (2022 - £149,676).

Contributions totalling £27,399 (2022 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

21 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	50	50	50	50

Dalair Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

22 Loans and borrowings

Non-current loans and borrowings

	2023	2022
	£	£
Hire purchase contracts	63,384	148,670

Current loans and borrowings

	2023	2022
	£	£
Hire purchase contracts	80,366	132,398

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

23 Dividends

Equity dividends paid during the year amounted to £3,500,000 (2022: £422,391).

24 Related party transactions

Loans to related parties

	Parent	Total
	£	£
2023		
Advanced	2,000,000	2,000,000
At end of period	2,000,000	2,000,000

Terms of loans to related parties

During the year, the company advanced an unsecured loan to Swegon Ltd (parent company). The loan is interest free and repayable on demand.

25 Parent and ultimate parent undertaking

The company's immediate parent is Swegon Ltd, incorporated in England.

The most senior parent entity producing publicly available financial statements is InvestmentaktieBolaget Latour. These financial statements are available upon request from J A Wettergrens gata 7

Box 336SE-401 25

Gothenburg

Sweden

The ultimate controlling party is InvestmentaktieBolaget Latour.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.