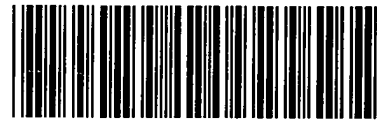


Voith Paper Fabrics Stubbins Limited

Report and Financial Statements

30 September 2014

TUESDAY



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COMPANIES HOUSE

Voith Paper Fabrics Stubbins Limited

Registered No. 00071121

Director

D H Hecht

Secretary

D S Connett

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers

Citibank
Citigroup Centre
Canary Wharf
London E14 5LB

Solicitors

Taylor's Solicitors
Rawlings House
Exchange Street
Blackburn BB1 7JN

Registered Office

Stubbins Vale Mill
Ramsbottom
Bury
Lancashire BL0 0NT

Strategic report

The director presents the Strategic report for the year ended 30 September 2014.

Principal activities and review of the business

The company is one of the world's leading producers of paper machine forming fabrics and part of the Voith Paper division. The core function of the company is to provide solutions for the customers' process requirements through product design, manufacturing consistency, application, development and innovation. This concept is shared by the Voith Paper division which is unique as a manufacturer and supplier of both paper machines and clothing. The products, systems and services that are offered by Voith Paper and Voith's strategic partners are coordinated with one another and support the paper industry in optimising its production processes and improving paper quality. Worldwide research and development facilities include pilot machines in Appleton, Wisconsin; São Paulo, Brazil; Ravensburg and Heidenheim, Germany. At these facilities, professional engineers experiment with the theoretical and practical aspects of paper making to develop tomorrow's technological advances in the paper machine and paper machine clothing industry.

In addition to the above, the company's principal activities create an exposure to other risk factors that are both external and internal to the company. These risks include but are not limited to failure to comply with legislative and regulatory requirements including environmental and litigation risk, business continuity and the actions of customers and competitors. The company has implemented risk controls and loss mitigation plans, which have been effective to date, but cannot give absolute assurance that such procedures will be effective in identifying or controlling each of the operational risks faced by the company.

Trading results

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

	<u>2014</u>	<u>2013</u>
Company turnover (£000)	6,378	5,796
Operating profit (£000)	916	35
Profit after tax (£000)	760	(242)
Shareholders' funds (£000)	5,390	4,630
Current assets as a % of current liabilities	-	118
Average number of employees	71	70

Future developments

As at 30 September 2014 the company transferred all assets and liabilities of the business into another group company, Voith Paper Ltd.

On 1 October 2014 the company ceased trading with all operations transferring to Voith Paper Ltd.

Strategic report (continued)

Principal risks and uncertainties

Liquidity risk

The company aims to mitigate liquidity risk by managing the cash generated by its operations.

The company has adopted a process for the identification, assessment, treatment, monitoring and reporting of risk. This process helps support business objectives by linking into business strategy, identifying and reacting to emerging risks and developing cost effective solutions to risk exposures.

Investment is carefully monitored, with authorisation at group level and cash payback periods applied as part of the investment appraisal process. The approval procedures apply to all capital items purchased outright, leased, rented or subject to hire purchase agreements.

The company's operation of producing paper machine clothing creates an exposure to the volatility in the price of energy and price or availability of raw materials and this can affect the company's performance. Purchasing policies and practices take into account and seek to mitigate the dependence on any single supplier, and stockholdings are managed to ensure continuity of supply.

On behalf of the board



D. H. Hecht
Director

Date: 18 May 2015

Director report

The director presents the report and financial statements for the year ended 30 September 2014.

Results and dividends

The profit for the year after taxation was £760,379 (2013 – loss of £242,326). The director does not recommend a final dividend (2013 – £nil).

Directors

The directors who served during the year were as follows:

A J Anderson (appointment terminated 30 September 2014)

D H Hecht

Equal opportunities

The company is an equal opportunities employer. The company's aim is that no employee receives less favourable treatment or is disadvantaged in any sphere of employment on the grounds of age, sex or marital status, race or ethnic origins.

Disabled employees

The company gives every consideration to applications from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Employment involvement

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting the day to day operations of the company. Goal agreements and employee dialogue are an integral part of the leadership concept implemented throughout the company.

Treasury policies

The company finances its activities with a combination of own cash flow and the Voith cash pool in the UK. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities almost solely with fellow companies; therefore a credit risk is practically non-existent. Some of the company's transactions are in other currencies than sterling therefore the company operates overdrafts/positive balances in Euro and US Dollar to hedge this exposure. The company's exposure to liquidity risk and policies adopted for its mitigation has been described above.

Disclosure of information to the auditors

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

Director report

On behalf of the Board

A handwritten signature in black ink, appearing to be 'D H Hecht', written over a horizontal line.

D H Hecht

Director

Date: 18 May 2015

Statement of directors' responsibilities in respect of the financial statements

The director is responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping 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.

Independent auditors' report

to the members of Voith Paper Fabrics Stubbins Limited

We have audited the financial statements of Voith Paper Fabrics Stubbins Limited for the year ended 30 September 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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


Independent auditors' report

to the members of Voith Paper Fabrics Stubbins Limited

Matters on which we are required to report by exception

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

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



Gary Harding (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

21 May 2015

Profit & Loss Account

at 30 September 2014

	Notes	2014 £	2013 £
Turnover	2	6,377,984	5,796,483
Change in stocks of finished goods and work in progress		(66,358)	181,307
Raw materials and consumables		(1,287,199)	(1,560,477)
Other external charges		(2,746,396)	(2,206,120)
Staff costs	5	(1,708,619)	(1,969,819)
Depreciation	3	(244,988)	(419,552)
Gain/ (loss) on disposal of fixed assets	3	-	(102,946)
Other operating income		284,290	439,886
Restructuring income / (costs)	7	307,426	(122,936)
Operating profit	3	916,140	35,826
Bank interest receivable		14,608	12,703
Interest payable and similar charges	6	(10,440)	(13,063)
Profit on ordinary activities before taxation		920,308	35,466
Taxation on profit on ordinary activities	8	(159,929)	(277,792)
Profit / (Loss) for the financial year	15	760,379	(242,326)

All amounts relate to continuing operations.

Statement of total recognised gains and losses

for the year ended 30 September 2014

There are no recognised gains or losses other than the profit of £760,379 attributable to the shareholders for the year ended 30 September 2014 (2013 – loss of £242,326).

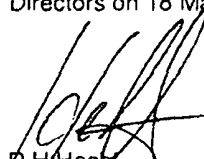
Voith Paper Fabrics Stubbins Limited

Balance sheet

at 30 September 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	9	-	3,003,504
Current assets			
Stocks	10	-	816,565
Debtors	11	5,390,708	10,337,518
Cash at bank and in hand		-	(802)
		5,390,708	11,153,281
Creditors: amounts falling due within one year	12	-	(9,461,190)
Net current assets		5,390,708	1,692,091
Total assets less current liabilities		5,390,708	4,695,595
Provision for liabilities	13	-	(65,266)
Net assets		5,390,708	4,630,329
Capital and reserves			
Called up share capital	14	160,000	160,000
Profit and loss account	15	5,230,708	4,470,329
Shareholders' funds	15	5,390,708	4,630,329

The financial statements of Voith Paper Fabrics Stubbins Limited were approved by the Board of Directors on 18 May 2015 and signed on its behalf by:


D. H. Hecht
Director

Notes to the financial statements

at 30 September 2014

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. These financial statements have been prepared on the going concern basis as the directors believe that the company has adequate resources to continue its operation for the foreseeable future.

The following principal accounting policies have been applied:

Statement of cash flows

The ultimate parent undertaking presents a group statement of cash flows in its financial statements. The company has, therefore, not presented a statement cash flows, as allowed by FRS 1 (Revised).

Tangible fixed assets

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Plant and machinery	–	between 5 and 15 years
Fixtures and fittings	–	between 5 and 10 years
Computer equipment	–	between 3 and 5 years.
Freehold land and buildings	–	between 10 and 40 years.

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

Stocks and work in progress

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

Raw materials, consumables and other stocks	–	purchase cost, less trade discounts, on a first in, first out basis.
Work in progress and finished goods	–	cost of direct materials, less trade discounts and labour plus attributable overheads based on a normal level of activity.

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

at 30 September 2014

1. Accounting policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies at the accounting date are translated at the rates of exchange prevailing at the balance sheet date or where covered by forward currency contracts, at the forward rate. Gains and losses arising from currency fluctuations are included in the profit and loss account.

Operating leases

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

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Pension

The staff and employees of the company are eligible to be members of The Voith UK Pension Scheme, a defined contribution pension scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements

at 30 September 2014

2. Turnover

Turnover is the total amount invoiced by the company in the ordinary course of business for goods supplied as a principal, and excludes value added tax.

Commission income from group companies is accounted for on a receivable basis.

Turnover is attributable to the principal activity of design and manufacture of paper machine forming fabrics.

	2014 £	2013 £
Turnover is analysed as follows:		
United Kingdom	-	138,396
Rest of Europe	4,119,204	3,659,477
North America	1,846,461	1,510,510
Asia	306,221	232,393
Other	106,098	255,707
	<u>6,377,984</u>	<u>5,796,483</u>

3. Operating profit

This is stated after charging/ (crediting):

	2014 £	2013 £
Auditors' remuneration		
– audit services	46,340	36,233
– non-audit services – taxation services	14,880	22,300
Depreciation – owned tangible fixed assets	244,988	419,552
Loss on disposal of fixed assets	-	102,946
Operating lease rentals – other	6,637	11,079
Rents received	(115,528)	(127,051)
Profit on foreign currency translation	(201,034)	96,456

4. Directors' remuneration

One (2013: none) of the directors received remuneration from the company during the year.

	2014 £	2013 £
Remuneration	74,601	-
Company contributions paid to defined contribution pension schemes	9,638	-
	<u>84,238</u>	<u>-</u>

Notes to the financial statements

at 30 September 2014

5. Staff costs

	2014 £	2013 £
Wages and salaries	1,461,296	1,737,451
Social security costs	158,881	171,741
Other pension costs	88,443	60,627
	<u>1,708,619</u>	<u>1,969,819</u>

The average monthly number of employees (including directors) during the year was as follows:

	No.	No.
Production	55	56
Administration	16	14
	<u>71</u>	<u>70</u>

6. Interest payable and similar charges

	2014 £	2013 £
Interest on intercompany cash pool	10,440	13,063
	<u>10,440</u>	<u>13,063</u>

7. Restructuring (income) / costs

Non-recurring exceptional expenses as a result of restructuring recognised in arriving at operating profit:

	2014 £	2013 £
Redundancy costs for employees	17,500	-
Voith UK pension scheme costs for deferred members	(324,926)	-
Non-operating employees costs	-	-
Legal & professional costs	-	-
Manufacturing Claim in relation to closed business	-	20,110
Closed site costs	-	102,826
	<u>(307,426)</u>	<u>122,936</u>

Notes to the financial statements

at 30 September 2014

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014 £	2013 £
<i>Current tax:</i>		
UK corporation tax on the profit for the year	185,590	55,463
Adjustment in respect of previous years	7,001	248,030
Total current tax (note 8(b))	192,591	303,493
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 13)	(28,020)	(14,873)
Effect of change in tax rate (note 13)	(4,642)	(10,828)
	159,929	277,792

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22% (2013 – 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	920,308	35,826
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.0% (2013 – 23.5%)	202,467	8,419
<i>Effects of:</i>		
Expenses not deductible for tax purposes	22,542	22,888
Depreciation in excess of capital allowances	(44,361)	16,948
Adjustment in respect of prior periods	7,001	248,030
Other timing differences	4,942	7,208
	192,591	303,493

Notes to the financial statements

at 30 September 2014

8. Tax (continued)

(c) Factors affecting future tax charges

A number of changes to the UK Corporation tax system were announced in the July 2013 Finance Act including that the main rate of corporation tax was to be reduced from 23% to 21% from 1 April 2014 and further reduced from 21% to 20% with effect from 1 April 2015.

These changes had been substantively enacted at the balance sheet date and are therefore recognised in these financial statements.

9. Tangible assets

	<i>Freehold land and buildings</i>	<i>Plant, machinery and fixtures and fittings</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 October 2013	2,568,278	7,106,603	9,674,881
Additions	-	241,714	241,714
Disposals	-	-	-
Transfer to fellow undertakings	(2,568,278)	(7,348,317)	(9,916,595)
At 30 September 2014	-	-	-
Depreciation:			
At 1 October 2013	1,005,278	5,666,099	6,671,377
Disposals	-	-	-
Charge for the year	59,958	185,030	244,988
Transfer to fellow undertakings	(1,065,236)	(5,851,129)	(6,916,365)
At 30 September 2014	-	-	-
Net book value:			
At 30 September 2014	-	-	-
At 1 October 2013	1,563,000	1,440,504	3,003,504

All assets were transferred to Voith Paper Ltd as at 30 September 2014 at Net Book Value.

Notes to the financial statements

at 30 September 2014

10. Stocks

	2014	2013
	£	£
Work in progress	-	221,449
Raw materials and consumables	-	470,953
Finished goods and goods held for resale	-	124,163
	-	816,565

11. Debtors

	2014	2013
	£	£
Trade debtors	-	-
Amounts owed by fellow group undertakings	5,390,708	10,214,977
Corporation tax	-	31,029
Other taxation and social security	-	24,564
Prepayments and accrued income	-	66,948
	5,390,708	10,337,518

12. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	-	175,121
Amounts owed to fellow subsidiary undertakings	-	8,131,255
Other taxes and social security costs	-	85,852
Accruals and other creditors	-	1,068,962
	-	9,461,190

Notes to the financial statements

at 30 September 2014

13. Provisions for liabilities

	2014 £	2013 £
Provisions for liabilities and charges comprise:		
Deferred taxation	-	65,266
	-	65,266

Deferred tax provided in the financial statements is as follows:

	2014 £	2013 £
Accelerated capital allowances	-	92,146
Other timing differences	-	(26,880)
	-	65,266

The movement on the deferred tax liability during the year was as follows:

	2014 £	2013 £
At 1 October	65,266	90,967
Deferred tax credit in profit and loss account (note 8(a))	-	(25,701)
Transfer to fellow group undertaking	(65,266)	-
At 30 September	-	65,266

14. Issued share capital

	2014 No.	2013 No.	2014 £	2013 £
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of £1 each	160,000	160,000	160,000	160,000
	160,000	160,000	160,000	160,000

Notes to the financial statements

at 30 September 2014

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 October 2011	160,000	4,712,655	4,872,655
Loss for the year	-	(242,326)	(242,326)
At 1 October 2013	160,000	4,470,329	4,630,329
Profit for the year	-	760,379	760,379
At 30 September 2014	160,000	5,230,708	5,390,708

16. Other financial commitments

At 30 September 2014 the company had annual commitments under non-cancellable operating leases, none of which related to land and buildings, as set out below:

	2014 £	2013 £
Within one year	2,728	7,072
In two to five years	366	4,003
	3,094	11,075

17. Related party transactions

The company has taken advantage of the exemption available under paragraph 3(c) of FRS 8, permitting non-disclosure of transactions between consolidated group undertakings.

18. Ultimate parent undertaking and controlling party

The company's parent undertaking is Voith Paper Limited, which does not prepare group accounts. The ultimate parent undertaking and controlling part is Voith AG, a company incorporated in Germany.

These financial statements form part of the group financial statements of Voith AG, copies of which are available from Post Box 2002, 89510 Heidenheim, Germany.