

Registered number 96177

Albany International Limited
Annual report and financial statements
for the year ended 31 December 2016

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Albany International Limited

Annual report and financial statements for the year ended 31 December 2016

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Albany International Limited

Directors and professional advisers

Directors

D Halftermeyer

C Silva

Secretary

D C Johnson

Registered office

Albany International Limited

Pilsworth Road

Bury

Lancashire

BL9 8RS

Solicitor

Boote Edgar Esterkin

Total House

19/21 Spring Gardens

Manchester

M60 8BE

Banker

National Westminster Bank plc

36 The Rock

Bury

Lancashire

BL9 ONU

Independent Auditor

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

Albany International Limited

Strategic report

The directors present their strategic report on Albany International Limited (the 'Company') for the year ended 31 December 2016.

Principal activities

The Company provides toll manufacturing and sales services to, Albany International Europe GmbH (AIEG). The Company also provides R&D services to Albany International Corporation Inc (AIC Inc). The company is remunerated for these services based on the established arm's length pricing model. The Company generated all its revenues for 2016 under this arrangement.

Review of the business

The Company's turnover in 2016 of £7,853,000 (2015: £8,198,000) relates solely to revenue earned from toll manufacturing and sales services provided to AIEG. For this reason, the Company is focused on the sharing of best practices and processes that will improve manufacturing quality and efficiency of plant operations.

The Company's profit on ordinary activities before taxation for the financial year is £208,000 (2015: £68,000). No dividend was declared or paid in 2016 (2015: £nil). The increase in the result of the ordinary activities in 2016 is primarily attributable to the decrease in production costs.

The profit on ordinary activities in 2016 was negatively affected by quality issues. Return and Allowances costs and Defective work expenses have been as high as in 2015 with a significant impact on the overall result of the Company. As better explained in the "Product quality risk" section, these cost are attributable to the toll manufacturing services and the service provider bears these costs. In order to effectively manage such issues, the Company has undertaken several initiatives to identify the origin of the quality issues and implement corrective actions.

Principal risks and uncertainties

Price risk

The Company has limited exposure to commodity price risk as a result of its operations since costs are recharged to other group companies.

Product quality risk

The Company has some exposure to quality issues which may occur during the manufacturing process and are attributable to the toll manufacturing services. Part 4 of the Manufacturing Service Agreement (sub 4.3) signed between AIEG and the Company defines certain provisions relating to 'Defective works'. In all the cases where the cost for defective works incurred by AIEG is attributable to the actions of the service Company, due to quality issues originating during the manufacturing process, the Company shall bear the cost.

Financial risk management

Due to the characteristics of its business model, the Company's operations are exposed to limited financial risks, which can include foreign exchange risk, interest rate risk and credit risk.

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board given the size of the company. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Albany International Limited

Strategic report (continued)

Credit risk

The Company has limited exposure to credit risk as it transacts business with other group companies.

Liquidity risk

Where required, the Company obtains finance from other group companies to ensure it has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Company has interest bearing assets and liabilities which relate to inter-group balances which are largely dictated by the group's interest rate management policies.

Foreign exchange rate risk

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. There are no significant transactions in foreign currencies.

All of the Company's funding is provided via a cash-pool facility or intergroup loans from Albany International Swiss Holding. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR, as interest rates are variable.

As a subsidiary of Albany International Corporation (AIC Inc.), further details of Group policies in relation to external financial risks can be found in the Annual Report and Financial Statements of AIC Inc.

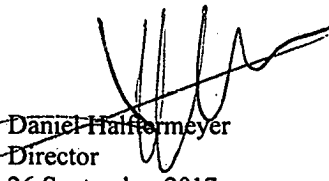
Future developments

For the year ending 2017, the Company's turnover is expected to be in line with 2016, consistent with the prior year, revenue will relate solely to revenue earned from toll manufacturing and sales services provided to AIEG. The Company is focused on continuous improvement of its best practices and processes that will ultimately improve manufacturing quality and efficiency of plant operations.

Key performance indicators ("KPIs")

The directors of AIC Inc. manage the group's operations on a divisional basis. Albany International Limited forms part of the group's paper machine clothing division. For details of divisional performance, of which this company forms a part, see AIC Inc's financial statements available from the address in note 18. Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board



Daniel Halfermeyer
Director
26 September 2017

Albany International Limited

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Future developments

An indication of the likely future developments of the business is included in the Strategic report on page 3.

Charitable and political donations

The Company has made charitable donations of £nil during the financial year (2015: £961).

There were no political donations during the financial year (2015: £nil).

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Financial risk management

Financial risk management is described in the Strategic report on pages 2 to 3.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Daniel Halftermeyer
Charles Silva

Directors' indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Research and development (R&D)

The Company's expenditure on research and development is disclosed in note 3 and is focused on developing new product applications for addressing and resolving customer and market requirements. R&D activities are performed on behalf of AIC Inc. and the costs incurred, plus a mark-up, are recharged to the parent company.

Statement of disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

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

Albany International Limited

Directors' report (continued)

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office. A resolution concerning their reappointment will be proposed at the Annual General meeting.

On behalf of the board



Daniel Haltermeyer

Director

25 September 2017

Registered number: 96177

Pilsworth Road

Bury

Lancashire

BL9 8RS

Albany International Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Albany International Limited

We have audited the financial statements of Albany International Limited for the year ended 31 December 2016 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 is consistent with the financial statements.

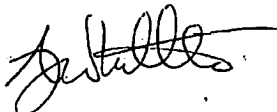
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies act 2006.

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.



Antony Whittle (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square

Manchester M2 3AE

29 September 2017

Date:

Albany International Limited

Profit and loss account and Other Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	2	7,853	8,198
Cost of sales		(7,200)	(7,761)
Gross profit		653	437
Administrative expenses	3	(630)	(525)
Operating profit / (loss)		23	(88)
Net interest receivable and similar income	6	185	156
Profit on ordinary activities before taxation		208	68
Taxation on profit on ordinary activities	7	(163)	15
Profit for the financial year		45	83
Other comprehensive income			
Remeasurement of the net defined benefit asset	12	(1,641)	(646)
Income tax on other comprehensive income	11	323	106
Other comprehensive loss for the year, net of income tax		(1,318)	(540)
Total comprehensive loss for the year		(1,273)	(457)

The results are wholly attributable to the continuing activities of the company.

The notes on pages 11 to 24 are an integral part of these financial statements.

Albany International Limited

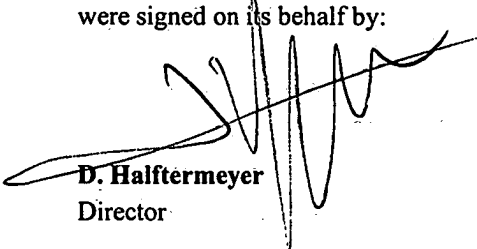
Balance sheet

as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	8	11,879	12,927
Current assets			
Debtors	9	2,301	2,453
Cash at bank and in hand		867	714
Current assets total		3,168	3,167
Creditors - amounts falling due within one year	10	(882)	(1,272)
Net current assets		2,286	1,895
Total assets less current liabilities		14,165	14,822
Provisions for liabilities and charges	11	(608)	(703)
Net assets excluding pension asset		13,557	14,119
Defined benefit pension scheme asset	12	3,219	3,930
Net assets		16,776	18,049
Capital and reserves			
Called up share capital	13	1,617	1,617
Share premium account		3,843	3,843
Profit and loss account		11,316	12,589
Total shareholders' funds		16,776	18,049

The notes on pages 11 to 24 are an integral part of these financial statements.

The financial statements on pages 8 to 24 were approved by the Board of directors on 26 September 2017 and were signed on its behalf by:



D. Halftermeyer
Director

Company number 96177

Albany International Limited

Statement of changes in equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	1,617	3,843	13,046	18,506
Total comprehensive income for the period				
Profit or loss	-	-	83	83
Other comprehensive income for the period	-	-	(540)	(540)
Total comprehensive income for the period	-	-	(457)	(457)
Balance at 1 January 2016	1,617	3,843	12,589	18,049
Total comprehensive income for the period				
Profit or loss	-	-	45	45
Other comprehensive income for the period	-	-	(1318)	(1318)
Total comprehensive income for the period	-	-	(1273)	(1273)
Balance at 31 December 2016	1,617	3,843	11,316	16,776

The notes on pages 11 to 24 are an integral part of these financial statements.

Albany International Limited

Notes to the financial statements

1 Accounting policies

Albany International Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Albany International Corporation Inc. (AIC Inc.), includes the Company in its consolidated financial statements. The consolidated financial statements of AIC Inc. are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 216 Airport Dr. Rochester, NH 03867 USA.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The company is a subsidiary of Albany International Corporation (AIC Inc.) The directors have received confirmation from the ultimate parent undertaking, AIC Inc., that it intends to continue to support the company for at least 12 months from the date of these financial statements. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Thus the company continues to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover, which excludes value added tax, represents amounts charged for toll manufacturing and sales services. It arises geographically from group companies within the EEA.

Turnover is recognised as services are provided to the group companies.

Albany International Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account (except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income).

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	2 – 4%
Plant and machinery	10%
Fixtures and fittings	20%

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Albany International Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Deferred tax balances are not discounted.

Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by Willis Towers Watson using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Albany International Limited

Notes (continued)

1 Accounting policies (continued)

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

Accounting estimates and judgements

The areas where key accounting estimates and judgements have been applied in the preparation of the financial statements are set below:

- Assumptions adopted in the calculation of the net defined benefit obligation (see note 12).

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Turnover

	2016 £'000	2015 £'000
Toll manufacturing income	7,835	8,273
European sales income	547	426
Returns and allowances	(529)	(501)
Total turnover	7,853	8,198

Albany International Limited

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit / loss are the following:

	2016 £'000	2015 £'000
Research and development expense	725	704
Research and development recharge	(834)	(759)
Foreign exchange loss / (gain)	50	(3)

Auditor's remuneration:

Audit of these financial statements	41	34
Tax compliance service	6	11
All other services	6	25

4 Staff numbers and costs

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

By function	2016 Number	2015 Number
Production	61	63
Selling and distribution	17	19
Administration	4	4
	82	86

Staff costs

	2016 £'000	2015 £'000
Wages and salaries	3,161	3,249
Social security costs	353	346
Pension costs	434	413
	3,948	4,008

Albany International Limited

Notes (continued)

5 Directors' remuneration

The remuneration paid to the directors of Albany International Limited was:

	2016 £'000	2015 £'000
Emoluments (including benefits in kind) for management services	-	-

There are no retirement benefits accruing to directors under the defined benefit pension plans (2015: nil).

No remuneration or fees were paid by the company to any of its directors during this or the previous period in respect of services to the company. Directors' emoluments were borne by AIEG.

6 Other interest receivable and similar income

	2016 £'000	2015 £'000
Other finance income (FRS 102 pensions interest) (note 12)	182	157
Interest receivable and similar income	182	157
Interest receivable / (payable) to fellow group companies	3	(1)
Interest payable and similar charges	3	(1)
Net interest receivable and similar income	185	156

Albany International Limited

Notes (continued)

7 Taxation

	2016 £'000	2015 £'000
Total tax recognised in the profit and loss account, other comprehensive income and equity		
Current Tax:		
UK corporation tax	18	17
Adjustment in respect of prior years	-	-
Total current tax	18	17
Deferred tax		
Origination and reversal of timing differences	72	40
Effect of changes in tax rate	73	(72)
Total deferred tax (note 11)	145	(32)
Tax charge / (credit) on profit on ordinary activities	163	(15)

	2016 £'000	2016 £'000	2016 £'000	2015 £'000	2015 £'000	2015 £'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	18	145	163	17	(32)	(15)
Recognised in other comprehensive income	-	(323)	(323)	-	(106)	(106)
Recognised directly in equity	-	-	-	-	-	-
Total tax	18	(178)	(160)	17	(138)	(121)

Albany International Limited

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	208	68
Profit on ordinary activities multiplied by average standard rate in the UK of 20% (2015: 20.25%)	42	14
Effects of:		
Expenses not deductible / (income not taxable) for tax purposes	48	43
Effects of other tax rates / credits	73	(72)
Total tax charge / (credit) for the period	163	(15)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

Albany International Limited

Notes (continued)

8 Tangible assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2016	9,514	26,837	229	220	36,800
Additions	-	124	31	597	752
Disposals	-	(599)	(15)	-	(614)
Transfers		159	-	(159)	-
At 31 December 2016	9,514	26,521	245	658	36,938
Accumulated depreciation					
At 1 January 2016	2,966	20,746	161	-	23,873
Charge for year	331	1,436	33	-	1,800
Disposals	-	(599)	(15)	-	(614)
At 31 December 2016	3,297	21,583	179	-	25,059
Net book value					
At 31 December 2016	6,217	4,938	66	658	11,879
At 31 December 2015	6,548	6,091	68	220	12,927

9 Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,788	1,847
Current tax asset	73	165
Deferred tax asset	347	264
Prepayments and accrued income	93	177
	2,301	2,453

Amounts owed by group undertakings are unsecured and fluctuates during the year. The bear interest at rates linked to group finance and are due within 30 days. On advances the interest rates are Libor – 25bps and on borrowings the interest rates are Libor + 100bps.

Albany International Limited

Notes (continued)

10 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	261	318
Amounts owed to group undertakings	287	590
Accruals and deferred income	334	364
	882	1,272

Amounts owed to group undertakings are unsecured and are due within 30 days.

11 Provisions for liabilities and charges

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £000	2015 £000	Liabilities 2016 £000	2015 £000	Net 2016 £000	2015 £000
Accelerated capital allowances	(347)	(264)	-	-	(347)	(264)
Employee benefits	-	-	608	707	608	707
Unused tax losses	-	-	-	-	-	-
Other	-	-	-	(4)	-	(4)
Tax (assets) / liabilities	(347)	(264)	608	707		
Net of tax liabilities					261	439

The deferred tax asset is included within note 9.

Albany International Limited

Notes (continued)

12 Pension obligations

The Company operates a contributory pension scheme which is funded. Employers contribution in 2016 amounted to £1,006,000 (2015: £1,015,000) and provides for defined benefits for substantially all employees. The assets of the scheme are held separately from those of the company.

The most recent comprehensive actuarial valuation was carried out by the Trustees of the Plan as at 31 December 2013 for funding purpose. The company has employed Willis Towers Watson, independent actuaries, to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Plan for funding purposes and those adopted by the Company to measure the DBO, as well as adjusting for benefit accrual and benefits paid from the Plan between 31 December 2014 and 31 December 2016.

Net pension asset	2016 £'000	2015 £'000
Defined benefit obligation	(37,432)	(27,834)
Plan assets	40,651	31,764
	3,219	3,930

Movements in present value of defined benefit obligation:	2016 £'000	2015 £'000
At 1 January 2016	27,834	27,071
Current service cost	258	253
Interest expense	1,015	984
Members' contributions	78	82
Remeasurement: actuarial losses	9,099	301
Benefits paid	(852)	(857)
At 31 December 2016	37,432	27,834

Albany International Limited

Notes (continued)

12 Pension obligations (continued)

Movements in fair value of plan assets:	2016 £'000	2015 £'000
At 1 January 2016	31,764	30,728
Interest income	1,197	1,141
Remeasurement return on plan assets less interest income	7,458	(345)
Employer's contributions	1,006	1,015
Members' contributions	78	82
Benefits paid	(852)	(857)
At 31 December 2016	40,651	31,764

Expenses recognised in the profit and loss account

Analysis of the amount charged to operating profit	2016 £'000	2015 £'000
Current service cost	(258)	(253)
Total operating charge	(258)	(253)

Analysis of amount charged to other finance income

Interest income on pension scheme assets	1,197	1,141
Interest on pension liabilities	(1,015)	(984)
Net amount included in other financial income (note 6)	182	157
Total expense recognised in profit or loss	(76)	(96)

The fair value of the plan assets and the return on those assets were as follows:

	Fair value at 31 December 2016 £'000 / %	Fair value at 31 December 2015 £'000 / %
Equities	14,443 / 35.5%	13,541 / 42.6%
Bonds	26,126 / 64.3%	15,618 / 49.2%
Property	0 / 0.0%	2,516 / 7.9%
Cash	82 / 0.2%	89 / 0.3%
Actual return on plan assets	40,651	31,764

Albany International Limited

Notes (continued)

12 Pension obligations (continued)

The principal actuarial assumptions at the year-end were as follows:

	At year end 2016	At year end 2015
Rate of increase in salaries	3.85%	3.60%
Rate of increase for pensions in deferment	2.25%	2.00%
Rate of increase for pensions in payment	3.25%	3.00%
Discount rate	2.55%	3.75%
Inflation assumption	3.00%	3.00%
The average life expectancy in years of a member is as follows:		
Aged 65 retiring immediately (current pensioner)	22.4	22.4
Aged 50 retiring at 65 (future pensioner)	23.7	23.6

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to the plan in the current year was £176,000 (2015: £185,000).

13 Called up share capital

	2016 £'000	2015 £'000
Authorised		
21,840,000 ordinary shares of 25p each	5,460	5,460
Allocated, called up and fully paid		
6,469,630 ordinary shares of 25p each	1,617	1,617

Albany International Limited

Notes (continued)

14 Financial commitments

Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £'000	2015 £'000
Less than one year	18	35
Between one and five years	3	26
More than five years	-	-
	<u>21</u>	<u>61</u>

During the year £30,500 was recognized as an expense in the profit and loss account in respect of operating leases (2015: £42,000).

15 Related party transactions

The directors have taken advantage of the exemption in FRS 102 Chapter 33.1A and, as the Company is a wholly owned subsidiary of Albany International Inc., have not disclosed related party transactions with parent and fellow subsidiary undertakings.

16 Ultimate parent undertaking

The directors regard Albany International Corporation Inc., a company registered in the United States of America, as the ultimate parent company and controlling party. The directors consider this company to be the parent undertaking of the largest group that prepares consolidated financial statements of which Albany International Limited is a member. Copies of Albany International Corporation consolidated financial statements can be obtained from the Company Secretary at the address described below.

According to the register kept by the company, Albany International Holdings (Switzerland) AG, a Corporation registered in Switzerland had a 100% majority interest in the equity capital of Albany International Limited at 31 December 2015 and is therefore the immediate parent undertaking. The directors consider this company to be the parent undertaking of the smallest group that prepares consolidated financial statements of which Albany International Limited is a member. Copies of Albany International Holdings (Switzerland) AG consolidated financial statements can be obtained from Schätti, Lorenz + Partner AG, Schochenmühlestr. 4, CH-6340 Baar, Switzerland.