

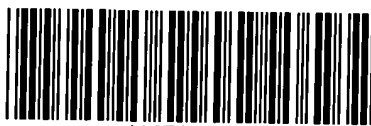
Company Registration No. 00976278 (England and Wales)

**LYDALL INDUSTRIAL FILTRATION (EMEA)
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

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LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

COMPANY INFORMATION

Directors	A V Gibson D G Barnhart
Secretary	C A McDaniel
Company number	00976278
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE
Business address	PO Box 1 Bycars Road Burslem Stoke-On-Trent ST6 4SH

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

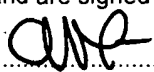
LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	5	118,443		214,831	
Other intangible assets	5	113,298		69,366	
Total intangible assets		231,741		284,197	
Tangible assets	6	197,527		268,242	
Investments	7	-		474,186	
		429,268		1,026,625	
Current assets					
Stocks		366,543		430,271	
Debtors	8	1,715,579		1,726,723	
Cash at bank and in hand		944,075		284,373	
		3,026,197		2,441,367	
Creditors: amounts falling due within one year	9	(1,379,098)		(1,556,822)	
Net current assets		1,647,099		884,545	
Total assets less current liabilities		2,076,367		1,911,170	
Creditors: amounts falling due after more than one year	10	(412,849)		(412,849)	
Net assets		1,663,518		1,498,321	
Capital and reserves					
Called up share capital	12	1,750,000		1,750,000	
Profit and loss reserves		(86,482)		(251,679)	
Total equity		1,663,518		1,498,321	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 18/6/17 and are signed on its behalf by:


 A V Gibson
 Director

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Lydall Industrial Filtration (EMEA) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT. The principal place of business is Burslem, Stoke on Trent.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Going concern

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as the company had adequate cash resources and financial projections indicate that the company will continue to trade within its existing bank facilities.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 5 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and machinery	10% reducing balance
Fixtures, fittings and equipment	10% reducing balance / 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 80 (2015 - 86).

3 Directors' remuneration

	2016 £	2015 £
Remuneration paid to directors	19,000	126,958

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2015 - 1).

4 Taxation

	2016 £	2015 £
Current tax		
Adjustments in respect of prior periods	-	(8,747)
Deferred tax		
Origination and reversal of timing differences	29,432	9,014
Total tax charge	29,432	267

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	194,629	146,727
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	38,926	29,345
Tax effect of expenses that are not deductible in determining taxable profit	22,401	30,074
Effect of change in corporation tax rate	4,841	-
Under/(over) provided in prior years	-	(8,747)
Utilisation of tax losses	(40,490)	(50,405)
Other timing differences	3,754	-
Taxation for the year	29,432	267

The Chancellor stated his intention to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.

5 Intangible fixed assets

	Goodwill £	Other £	Total £
Cost			
At 1 January 2016	481,939	69,366	551,305
Transfers	-	56,649	56,649
At 31 December 2016	481,939	126,015	607,954
Amortisation and impairment			
At 1 January 2016	267,108	-	267,108
Amortisation charged for the year	96,388	12,717	109,105
At 31 December 2016	363,496	12,717	376,213
Carrying amount			
At 31 December 2016	118,443	113,298	231,741
At 31 December 2015	214,831	69,366	284,197

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2016	283,570	1,034,432	1,318,002
Additions	11,628	5,024	16,652
Disposals	-	(7,206)	(7,206)
Transfers	-	(56,649)	(56,649)
At 31 December 2016	295,198	975,601	1,270,799
Depreciation and impairment			
At 1 January 2016	142,184	907,576	1,049,760
Depreciation charged in the year	15,100	15,275	30,375
Eliminated in respect of disposals	-	(6,863)	(6,863)
At 31 December 2016	157,284	915,988	1,073,272
Carrying amount			
At 31 December 2016	137,914	59,613	197,527
At 31 December 2015	141,386	126,856	268,242

7 Fixed asset investments

	2016 £	2015 £
Investments	-	474,186

Heath Filtration dissolved on 1 November 2016. Prior to this date the company owned 100% of Heath Filtration Limited. The amount written off fixed asset investments (£474,186) has been offset against forgiveness of amounts owed to the subsidiary company (£474,186) and therefore the impact on the statement of comprehensive income is £nil.

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016	474,186
Write off investment	(474,186)
At 31 December 2016	-
Carrying amount	
At 31 December 2016	-
At 31 December 2015	474,186

8 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,613,959	1,625,587
Amounts due from group undertakings	70,289	25,573
Other debtors	14,777	29,577
	<u>1,699,025</u>	<u>1,680,737</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>16,554</u>	<u>45,986</u>
Total debtors	<u>1,715,579</u>	<u>1,726,723</u>

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	142,153	192,906
Amounts due to group undertakings	934,624	1,041,451
Other taxation and social security	110,924	148,523
Other creditors	191,397	173,942
	<u>1,379,098</u>	<u>1,556,822</u>

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	412,849	412,849

Other borrowings include amounts owed to group undertakings. The loan is repayable in one instalment in 2024 and interest is charged at 5% per annum.

11 Borrowings

	2016 £	2015 £
Loans from group undertakings and related parties	412,849	412,849
Payable after one year	412,849	412,849

12 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
1,750,000 Ordinary shares of £1 each	1,750,000	1,750,000

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

13 Financial commitments, guarantees and contingent liabilities

There is a right of set off on bank balances between the company and its fellow subsidiary, Lydall Industrial Filtration Textile Manufacturing (EMEA) Limited.

14 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	25,898	-
Between one and five years	29,937	-
	55,835	-

LYDALL INDUSTRIAL FILTRATION (EMEA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

15 Related party transactions

Remuneration of key management personnel

	2016 £	2015 £
Aggregate compensation	19,000	143,213

The company has taken advantage of the exemption under FRS102, not to disclose transactions during the year with other group undertakings on the grounds that it is a wholly owned subsidiary where the ultimate parent company prepares group accounts.

During the year the company paid rent of £70,000 (2015: £70,000) to a pension scheme in which N R Stanley is a member and trustee. N R Stanley was a director during the year.

16 Parent company

At 31 December 2016 the directors consider that there is no ultimate controlling party.

The parent of the smallest group for which consolidated accounts are drawn up of which Lydall Industrial Filtration (EMEA) Limited is a member is Lydall Inc. (Registered Office: One Colonial Road, Manchester, Connecticut, USA, 06042-2307)

17 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The senior statutory auditor was Anthony Steiner FCA.
The auditor was RSM UK Audit LLP.