

Freudenberg Filtration Technologies UK Limited

(formally Filtration Engineering Limited)

Report and Financial Statements

31 December 2012



Freudenberg Filtration Technologies UK Limited (formally Filtration Engineering Limited)

Directors

S G Langford
D Schmitt

Secretary

P Markham

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers

Barclays Bank plc
Commercial Street
Halifax

Registered Office

Unit B9
Lowfields Close
Lowfields Park
Elland
Halifax
West Yorkshire HX5 9DX

Registered No 2888870

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £368,120 (2011 – profit of £441,406) The directors do not recommend a final dividend (2011 – £nil)

Principal activity

The principal activity of the company in the year under review was that of engineers in the design, installation and maintenance of air filtration and air quality control systems and the merchandise and sale of filter products

During the year the company changed their name from Filtration Engineering Limited to Freudenberg Filtration Technologies UK Limited

Directors

The directors who served the company during the year were as follows

S G Langford
D Schmitt

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Small company exemptions

The directors' report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

On behalf of the Board



S G Langford
Director

Date 19 July 2013

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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 Freudenberg Filtration Technologies UK Limited

We have audited the financial statements of Freudenberg Filtration Technologies UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

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 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 3, 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 (APB'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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

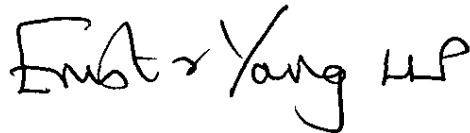
Independent auditors' report

to the members of Freudenberg Freudenberg Filtration Technologies UK Limited
(continued)

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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies exemption and the financial statements in accordance with the small companies regime



Julian Yates (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

Date 19 July 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	5,924,244	6,354,289
Cost of sales		<u>3,805,386</u>	<u>4,385,829</u>
Gross profit		2,118,858	1,968,460
Selling expenses		1,934,475	1,809,244
Administrative expenses		771,561	567,016
Other operating income		<u>(1,077,378)</u>	<u>(1,003,555)</u>
Operating profit	3	490,200	595,755
Interest receivable – group		<u>8,282</u>	<u>3,102</u>
Profit on ordinary activities before taxation		498,482	598,857
Tax	5	130,362	157,451
Profit for the financial year	11	<u>368,120</u>	<u>441,406</u>

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £368,120 in the year ended 31 December 2012 (2011 – profit of £441,406)


Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	6	11,788	47,994
Current assets			
Stocks		101,305	124,128
Debtors	7	3,774,252	3,330,111
		<u>3,875,557</u>	<u>3,454,239</u>
Creditors , amounts falling due within one year	8	(1,202,049)	(1,180,269)
Net current assets		<u>2,673,508</u>	<u>2,273,970</u>
Total assets less current liabilities		2,685,296	2,321,964
Provisions for liabilities	9	-	(4,788)
Net assets		<u>2,685,296</u>	<u>2,317,176</u>
Capital and reserves			
Called up share capital	10	92	92
Share premium capital	11	9,988	9,988
Capital redemption reserve	11	30	30
Profit and loss account	11	2,675,186	2,307,066
Shareholders' funds	11	<u>2,685,296</u>	<u>2,317,176</u>

The financial statements have been prepared in accordance with the special provisions of Companies Act 2006 relating to small entities and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board on its behalf on 19 July 2013


 S G Langford
 Director

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the Financial Reporting Standard applicable to Smaller Entities (effective April 2008)

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax. The company recognises income when it has fulfilled its obligations under the sales contract, net of discounts and any allowance for credit risk and other uncertainties.

Tangible fixed assets

All tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Motor vehicles	–	25% on reducing balance
Office equipment	–	10% straight line
Plant and equipment	–	15% straight line

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

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 exception:

- 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 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 initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2. Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company in the UK.

Notes to the financial statements

at 31 December 2012 (continued)

3. Operating profit

This is stated after charging

	2012 £	2011 £
Auditors' remuneration	15,750	15,010
Depreciation	35,159	17,406
Loss on disposal of tangible fixed assets	421	–
Exceptional element of pension costs	153,437	–
Operating lease rentals – plant and machinery	150,411	104,283
– land and buildings	40,000	40,000

Exceptional pension costs charged against operating profit of £153,437 (2011 Nil) relate to costs incurred from employees being a part of the Freudenberg NonWovens LP Pension Scheme. The Scheme has undertaken an Enhanced Transfer Value exercise during the year in which members were able to transfer their benefits out of the Scheme in exchange for either a cash payment or a top up to their transfer value. The cost represents an allocation of the total expense incurred by Freudenberg Non Wovens.

4. Directors' remuneration

	2012 £	2011 £
Remuneration	97,368	97,597
Company contributions to money purchase pension schemes	5,708	5,023
	<u>103,076</u>	<u>102,620</u>

The number of directors who were accruing benefits under company pension schemes was as follows

	2012 No	2011 No
Money purchase schemes	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2012 (continued)

5. Tax

a) Tax charge on ordinary activities

The tax charge is made up as follows

	2012	2011
	£	£
Current tax		
UK corporation tax on the profit for the year	132,834	156,908
Adjustment in respect of prior years	5,756	8,381
Total current tax (note 5(b))	138,590	165,289
Deferred tax:		
Total deferred tax (note 9)	(8,228)	(7,838)
Tax charge on ordinary activities	130,362	157,451

b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012	2011
	£	£
Profit on ordinary activities before tax	498,482	598,857
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	122,114	158,663
Effects of		
Expenses not deductible for tax purposes	1,743	(4,151)
Capital allowances lower than/(in excess of) depreciation	7,654	2,701
Movement in short term timing differences	1,323	(305)
Adjustments to tax charge in respect of prior periods	5,756	8,381
Current tax for the year (note 5(a))	138,590	165,289

c) Factors that may affect future tax charges

The UK corporation tax rate reduced from 26% to 24% with effect from 1 April 2012. A further reduction in the corporation tax rate from 24% to 23% was substantially enacted on 17 July 2012 and will be effective from 1 April 2013. Accordingly, this rate has been applied in the measurement of the deferred tax balances.

In his annual Budget of March 20, 2013, the Chancellor of the Exchequer announced certain tax changes which will have an effect on the Group's future tax position. The proposals included phased reductions in the UK corporation tax rate to 20% from 1 April 2015.

As at December 31, 2012, only the previously announced reduction in the rate to 23% had been 'substantively enacted' and this has been reflected in the financial statements as at December 31, 2012.

The effect on the Company of the proposed changes to the UK tax system will be reflected in the financial statements of the Company in future years, as appropriate, once the proposals have been substantially enacted.

Notes to the financial statements

at 31 December 2012 (continued)

6. Tangible fixed assets

	<i>Motor vehicles</i>	<i>Office equipment</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£	£
Cost or valuation				
At 1 January 2012	22,330	93,275	104,111	219,716
Additions	–	–	–	–
Disposals	(7,890)	(40,639)	–	(48,529)
At 31 December 2012	14,440	52,636	104,111	171,187
Depreciation				
At 1 January 2012	19,285	76,418	76,019	171,722
Provided during the year	1,799	13,981	19,379	35,159
Disposals	(6,844)	(40,638)	–	(47,482)
At 31 December 2012	14,240	49,761	95,398	159,399
Net book value				
At 31 December 2012	200	2,875	8,713	11,788
At 1 January 2012	3,045	16,857	28,092	47,994

7. Debtors

	2012	2011
	£	£
Trade debtors	1,564,008	1,191,637
Amounts owed by group undertakings	2,161,672	2,103,154
Other debtors	41,257	31,445
Deferred tax asset	7,315	3,875
	<u>3,774,252</u>	<u>3,330,111</u>

8. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	417,804	538,991
Amounts owed to group undertakings	72,893	70,930
Other creditors	377,303	277,891
Corporation tax	83,270	99,976
Deferred tax liability	–	4,788
Other taxes and social security costs	250,779	187,693
	<u>1,202,049</u>	<u>1,180,269</u>

Notes to the financial statements

at 31 December 2012 (continued)

9. Provisions for liabilities

Deferred taxation provided in the financial statements and the amounts not provided are as follows

	2012 £	2011 £
Accelerated capital allowances	(7,315)	913
Provision at start of year	913	8,751
Deferred tax credit in the profit and loss account (note 5(a))	(8,228)	(7,838)
(Asset)/provision at end of year	(7,315)	913
Shown in Balance Sheet as		
Asset	7,315	3,875
Liability	-	(4,788)

10. Issued share capital

	No	2012 £	No	2011 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	92	92	92	92

11. Reconciliation of shareholders' funds and movements on reserves

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2011	92	9,988	30	1,865,660	1,875,770
Profit for the year	-	-	-	441,406	441,406
At 1 January 2012	92	9,988	30	2,307,066	2,317,176
Profit for the year	-	-	-	368,120	368,120
At 31 December 2012	92	9,988	30	2,675,186	2,685,296

12. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings £	2012 Other £	Land and buildings £	2011 Other £
Operating leases which expire				
Within one year	40,000	25,175	-	11,823
In two to five years	-	86,382	40,000	69,777
	40,000	111,557	40,000	81,600

Notes to the financial statements

at 31 December 2012 (continued)

13. Related party transactions

Advantage has been taken of the exemption provided by FRS 8 3c 'Related Party Transactions' and transactions with other group undertakings have not been disclosed in these financial statements

14. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Filtamark Limited, which as at 31 December 2012, held 100% of the issued share capital of Freudenberg Filtration Technologies UK Limited

The ultimate parent undertaking and controlling party is Freudenberg SE, a company registered in Germany. The smallest and largest group of undertakings in which the company is consolidated is Freudenberg SE.

Copies of its group financial statements, which include the company, are available from its registered office 69465 Weinheim, Germany