

**Voith Fabrics Blackburn Limited  
Directors' Report and  
Financial Statements**

**For the year ended  
30 September 2000**



**BDO Stoy Hayward**  
Chartered Accountants

**VOITH FABRICS BLACKBURN LIMITED****DIRECTORS' REPORT****For the year ended 30 September 2000****DIRECTORS**

H Berry  
M A Hodson  
K A Porteous  
J E Doherty  
A R England  
R A Rothery

**SECRETARY**

H Berry

**REGISTERED OFFICE**

Cartmell Road  
Blackburn  
Lancs  
BB2 2SZ

**AUDITORS**

BDO Stoy Hayward  
8 Baker Street  
London  
WIM 1DA

**BANKERS**

HSBC Bank plc  
60 Church Street  
Blackburn  
Lancs  
BB1 5AS

## **VOITH FABRICS BLACKBURN LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 30 September 2000**

---

### **FINANCIAL STATEMENTS**

The directors present their report and audited financial statements for the year ended 30 September 2000.

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company's principal activities are the manufacture and sale of paper machine clothing and the company is one of world's leading suppliers in this market. It is the company's policy to maintain and improve on the position it holds in its major business area by development of existing products and methods of manufacture. The company is constantly reviewing new ideas and techniques available, particularly for improvements in manufacture and application of the products it makes. Emphasis on quality is paramount and both divisions of the company have achieved registration under BS 5750/IS 9001.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £1,496,421 (1999: 6 months £620,355).

The directors recommend and made the payment of a dividend of £2,108,355.

The deficit for the year of (£611,934) was transferred from reserves.

**VOITH FABRICS BLACKBURN LIMITED****DIRECTORS' REPORT (cont'd)****For the year ended 30 September 2000**

---

**FIXED ASSETS**

The directors are of the opinion that the current value of land and buildings, exceeds the original cost, but no estimate of this excess has been made. The properties are utilised for the normal trading activities of the company.

**RESEARCH AND DEVELOPMENT**

Investment in research and development is a prime consideration of the company and is focused on areas of potential growth where commercial relevance and future profitability are considered vital. The company's continuing success depends ultimately on its ability to develop and improve both the manufacture and performance of existing products and to invent new ones for both existing and new business. The company spent £756,632 on research during this period.

**FUTURE DEVELOPMENTS**

The directors intend to continue the management policies of innovation and development.

**DIRECTORS**

The directors during the year were as follows:

K A Porteous (appointed 21 February 2000)

M A Hodson (appointed 21 February 2000)

H Berry

J E Doherty

A R England

R A Rothery

B G Littler (resigned 21 February 2000)

I C Walsh (resigned 21 February 2000)

**DIRECTORS' INTEREST IN SHARES**

The directors who held office at 30 September 2000 had no interest in the shares of the ultimate holding company JM Voith AG.

## **VOITH FABRICS BLACKBURN LIMITED**

### **DIRECTORS' REPORT (cont'd)**

**For the year ended 30 September 2000**

---

#### **EMPLOYEES AND EMPLOYMENT POLICIES**

Information concerning employees and their remuneration is given in note 20 on page 25.

It is company policy to ensure that employees are aware of their individual roles and responsibilities and are informed about the trading performance and progress of the company.

The company recognises the essential contribution made by its employees, and, by encouraging progressive involvement and full use of individual skills, promotes the fulfillment of their potential in improving their own corporate performance.

Complementing these arrangements designed for specific purposes are the established institutions such as team briefings and permanent consultative committees. Prominent among the latter are the health and safety committees, monitoring work-place procedures and practices, providing safety awareness, and contributing to effective responses to the growing body of health and safety legislation.

It is company policy that the disabled continue to receive consideration for employment equal to that given to the able-bodied, taking account of their particular abilities and job requirements. All possible efforts are made to maintain continuity of employment for existing employees who become disabled.

#### **PAYMENT OF CREDITORS**

The terms of payment are set when the terms of a transaction are agreed. All suppliers fulfilling those conditions of order will be paid in accordance with the terms of payment agreed. Other suppliers will be paid in accordance with contractual terms as agreed from time to time.

The ratio of trade creditors at 30 September 2000 to the amounts invoiced by suppliers during the period then ended is 1:3.1, which equates to 118 days in the year of 365 days.

#### **CHARITABLE CONTRIBUTIONS**

During the period the company made charitable donations in the UK of £2,078 (1999 £19,439).

**VOITH FABRICS BLACKBURN LIMITED****DIRECTORS' REPORT (cont'd)****For the year ended 30 September 2000**

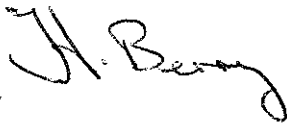
---

**AUDITORS**

PricewaterhouseCoopers, resigned as auditors of the company on 11 September 2000 and BDO Stoy Hayward were appointed in their place.

A resolution to re-appoint BDO Stoy Hayward, Chartered Accountants, as auditors will be submitted to the Annual General Meeting.

**This report was approved by the Board on**



7-2-2001

**H Berry**  
**Secretary**

**VOITH FABRICS BLACKBURN LIMITED****REPORT OF THE AUDITORS****To the shareholders of Voith Fabrics Blackburn Limited**

---

We have audited the financial statements on pages 7 to 27 which have been prepared under the accounting policies set out on pages 10 to 12.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

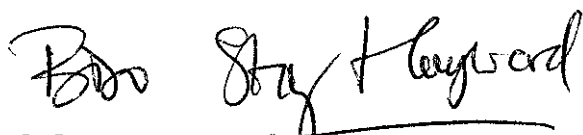
**BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO Stoy Hayward**  
*Registered auditors and*  
*Chartered Accountants*  
8 Baker Street  
London  
W1M 1DA

7 February 2001

**VOITH FABRICS BLACKBURN LIMITED**
**PROFIT AND LOSS ACCOUNT**
**For the year ended 30 September 2000**

	Notes	2000 £	6 Months ended 30 September 1999 £
<b>Turnover</b>	<b>2</b>	<b><u>25,772,272</u></b>	<u>9,666,142</u>
<b>Operating profit</b>	<b>3</b>	<b>2,066,499</b>	884,555
Interest receivable and similar income	<b>4</b>	<b><u>102,922</u></b>	<u>65,800</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,169,421</b>	950,355
Tax on profit on ordinary activities	<b>5</b>	<b><u>(673,000)</u></b>	<u>(330,000)</u>
<b>Profit on ordinary activities after taxation</b>		<b>1,496,421</b>	620,355
Dividends - paid		<b>(2,108,355)</b>	-
<b>Retained (deficit)/Profit for the year/period</b>	<b>16</b>	<b><u>(611,934)</u></b>	<u>620,355</u>

The company has no recognised gains or losses for the year other than as reflected in the profit and loss account above.

All amounts relate to continuing activities.

The notes on pages 10 to 27 form an integral part of these financial statements.



# VOITH FABRICS BLACKBURN LIMITED

## BALANCE SHEET

As at 30 September 2000

	Notes	2000 £	1999 (as restated note 6) £
<b>FIXED ASSETS</b>			
Intangible assets	6	2,028,460	(2,134,819)
Tangible assets	7	9,576,858	10,346,107
Investments	8	<u>22,152</u>	<u>22,152</u>
		<b>11,627,470</b>	<b>8,233,440</b>
<b>CURRENT ASSETS</b>			
Stocks	9	5,151,308	5,798,850
Debtors	10	9,215,426	7,646,705
Cash at bank and in hand		<u>3,768,336</u>	<u>4,421,517</u>
		<b>18,135,070</b>	<b>17,867,072</b>
<b>CREDITORS</b>			
Amounts falling due within			
One year	11	<u>(9,135,865)</u>	<u>(5,333,254)</u>
<b>Net current assets</b>		<b>8,999,205</b>	<b>12,533,818</b>
<b>Total assets less current liabilities</b>		<b>20,626,675</b>	<b>20,767,258</b>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	12	<u>(1,147,000)</u>	<u>(668,820)</u>
<b>DEFERRED INCOME</b>			
Government grants	14	<u>(71,252)</u>	<u>(78,081)</u>
<b>Net assets</b>		<b>19,408,423</b>	<b>20,020,357</b>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	15	19,400,002	19,400,002
Profit and loss account	16	<u>8,421</u>	<u>620,355</u>
Equity shareholders' funds	17	<b>19,408,423</b>	<b>20,020,357</b>

The financial statements on pages 7 to 27 were approved by the Board on 7 February 2001.

 Director

The notes on pages 10 to 27 form an integral part of these financial statements.

**VOITH FABRICS BLACKBURN LIMITED**
**Cash flow statement for the year ended 30 September 2000**

	Notes	2000	6 Months ended 30 September 1999
		£	£
<b>Net cash inflow from operating activities</b>	<b>23</b>	<b>2,372,545</b>	<b>(351,902)</b>
<b>Returns on investments and Servicing of finance</b>			
Interest received	<b>124,386</b>		80,714
Finance lease interest paid	<b>(26,227)</b>		-
Other interest paid	<b>(17,945)</b>	<b>80,214</b>	-
			80,714
<b>Taxation</b>			
Corporation tax paid		<b>(405,204)</b>	<b>(10,061)</b>
<b>Capital expenditure</b>			
Sale of tangible fixed assets		-	647,246
Purchase of tangible fixed assets	<b>(621,630)</b>	<b>(621,630)</b>	<b>(50,604)</b>
			596,642
<b>Equity dividends paid</b>		<b>(2,108,355)</b>	-
<b>Acquisitions</b>			
Cash acquired with business acquired		-	<b>3,735,175</b>
<b>Cash (outflow)/inflow before financing</b>		<b>(682,430)</b>	<b>4,050,568</b>
<b>Financing</b>			
Capital element of finance leases paid	<b>(528,945)</b>		<b>(67,328)</b>
Issue of share capital	-	<b>(528,945)</b>	<b>2</b>
			<b>(67,326)</b>
<b>(Decrease)/increase in cash</b>	<b>24</b>	<b>(1,211,375)</b>	<b>3,983,242</b>

The notes on pages 10 to 27 form an integral part of these financial statements.

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 September 2000**

---

**1. ACCOUNTING POLICIES****Accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Research and Development**

Expenditure incurred on the development of new products and the cost of normal research work is charged against the profits of the year in which such expenditure or cost is incurred. Plant and equipment acquired for this purpose is included with fixed assets and written off over its expected useful life.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at annual rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	- over 40 years
Plant and fixtures	- over 15 years, 7.5 years or 3 years
Vehicles	- over 5 years

**Goodwill**

Goodwill relating to business assets purchased by the company, being the excess of consideration paid over this fair value of the assets acquired, is amortised over a period of twenty years. In the opinion of the directors, this response is a prudent estimate of the period over which the company will derive economic benefit from the goodwill acquired as part of that business.

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 30 September 2000**

---

**1. ACCOUNTING POLICIES (continued)****Leased assets**

Items of plant, fixtures and vehicles subject to finance leases are shown as fixed assets and depreciated as indicated above. The corresponding liability for the capital element is recorded as a loan, and the interest element, which is calculated on the basis of the amount of the loan outstanding, is charged against profits over the primary lease period. The rental costs of all other leased assets are charged against profits as incurred.

**Investments**

Fixed asset investment are stated at cost less provision for permanent diminution in value.

**Stocks**

Stocks have been consistently valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost includes the cost of materials together with labour and appropriate overheads.

**Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Losses incurred on forward exchange contracts outstanding at the balance sheet date are recognised as liabilities. All differences are taken to the profit and loss account.

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000**

---

**1. ACCOUNTING POLICIES (continued)****Government grants**

The amounts of capital-based grants are treated as a deferred credit for transfer to the profit and loss account in installments over the same period as depreciation is charged on the relevant assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

**Pension costs**

The employees of the company are eligible to be members of retirement benefit schemes operated by the group in the United Kingdom. The funds of the schemes are administered by trustees and are completely separate from the funds of the company and of the group.

The scheme is a defined contribution pension scheme and pension costs incurred are charged to the profit and loss account in the period when payable.

**Group accounts**

The company has not prepared group accounts as it is exempt from the requirements to do so by section 228 of the Companies Act 1985 as it is a wholly-owned subsidiary undertaking of Forming Fabrics UK Limited, a company incorporated in England.

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****2. TURNOVER**

	<b>Year ended 30 September 2000</b>	<b>6 Months ended 30 September 1999</b>
	<b>£</b>	<b>£</b>
Home	<b>9,521,772</b>	3,870,202
Export	<b><u>16,250,500</u></b>	<u>5,795,940</u>
	<b><u>25,772,272</u></b>	<u>9,666,142</u>

The amounts shown as turnover represent the amounts receivable for goods and services provided in the UK and overseas, net of trade discounts, value added tax and other related taxes.

An analysis of turnover between geographical markets is not provided, as in the opinion of the directors, such disclosure would seriously prejudice the company's interests.

No analysis is provided of turnover and profit between different classes of business as, in the opinion of the directors, the classes do not differ substantially from each other.

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****3. OPERATING PROFIT**

The operating profit comprises:

	<b>Year ended 30 September 2000</b>	<b>Period ended 30 September 1999</b>
	<b>£</b>	<b>£</b>
Turnover (note 2)	<b>25,772,272</b>	9,666,142
Change in stocks of finished goods and work in progress	<b>(725,686)</b>	(890,907)
Own work capitalised	<b>17,759</b>	6,693
Other operating income	<b>706,184</b>	73,182
	<b><u>25,770,529</u></b>	<b><u>8,855,110</u></b>
Raw materials and consumables	<b>6,657,212</b>	1,987,934
Other external charges	<b>1,683,992</b>	795,320
	<b><u>8,341,204</u></b>	<b><u>2,783,254</u></b>
Depreciation: owned fixed assets	<b>1,390,879</b>	485,805
Depreciation: assets under finance Leases		148,870
Amortisation: goodwill	<b>150,162</b>	4,472
Operating lease rentals vehicles	<b>156,017</b>	70,378
Investment grants	<b>(6,829)</b>	(3,065)
Director and employee costs (note 20)	<b>7,802,267</b>	3,013,104
Auditors' remuneration: Audit Fee	<b>20,000</b>	14,371
Loss on disposal of fixed assets	-	1,099
Other operating charges	<b>5,835,329</b>	1,452,267
	<b><u>15,362,826</u></b>	<b><u>5,187,301</u></b>
Operating profit	<b>2,066,499</b>	884,555

During the period the company incurred costs of £756,632 (1999 £420,380) in respect of research and development.

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**
**For the year ended 30 September 2000**
**4. NET INTEREST RECEIVABLE**

	Year ended 30 September 2000 £	6 Months ended 30 September 1999 £
<b>(a) Interest payable</b>		
On bank loans and overdrafts	(24,243)	-
Interest payable on finance leases	(5,015)	12,096
	(29,258)	12,096
<b>(b) Interest receivable – external</b>	132,180	53,704
<b>Interest receivable less interest payable</b>	<u>102,922</u>	<u>65,800</u>

**5. TAXATION CHARGE/(CREDIT)**

	£	£	£	£
<b>UK current year taxation</b>				
Corporation tax charge	437,000		330,000	
Transfer to deferred tax (note 13)	286,000	723,000	-	330,000
	<u>          </u>		<u>          </u>	
<b>Prior year</b>				
Corporation tax credit		(50,000)		-
		<u>673,000</u>		<u>330,000</u>



**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**  
**For the year ended 30 September 2000**


---

**6. INTANGIBLE FIXED ASSETS**
**Goodwill at cost** **£**

1 October 1999 – as originally reported	<b>214,653</b>
Prior year adjustment (see note below)	<b><u>(2,345,000)</u></b>
1 October 1999 – as restated	<b><u>(2,130,347)</u></b>
Addition in the year	<b><u>4,313,441</u></b>
30 September 2000	<b><u>2,183,094</u></b>

**Amortisation**

1 October 1999	<b>4,472</b>
Amortisation for the year	<b><u>150,162</u></b>
30 September 2000	<b><u>154,634</u></b>

**Net Book Value**

30 September 2000	<b><u>2,028,460</u></b>
30 September 1999 – as originally reported	<b><u>210,181</u></b>
- as restated	<b><u>(2,134,819)</u></b>

The prior year adjustment relates to a reduction in the consideration paid in respect of the purchase of a trade and certain assets from Scapa Blackburn Limited. A creditor due after one year of £2,345,000 which was shown as payable to the parent undertaking has accordingly been cancelled.

During the year, additional goodwill has arisen on the acquisition of the trade and assets from Scapa Blackburn Limited. This increased goodwill is principally due to the pension costs of £3,907,382 which have been paid to the Scapa Group Senior Retirement Benefits Scheme (as a result of the underfunding of that scheme).

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**
**For the year ended 30 September 2000**

<b>6. INTANGIBLE FIXED ASSETS (cont'd)</b>	<b>£</b>	<b>£</b>
The adjustments to the net assets acquired can be summarised as follows:		
Net assets acquired as reported in the financial statements for the period ended 30 September 1999		21,530,347
Increase in creditors	(3,907,382)	
Reduction in debtors and accounts receivable	(184,059)	
Deferred tax now provided on acquisition	(222,000)	(4,313,441)
<b>Revised net assets acquired</b>		<u>17,216,906</u>
Consideration as reported in the financial statements for the period ended 30 September 1999		21,745,000
Reduction in consideration paid treated as prior year adjustment		(2,345,000)
<b>Revised consideration</b>		<u>19,400,000</u>
<b>Revised goodwill acquired</b>		<u>2,183,094</u>

**VOITH FABRICS BLACKBURN LIMIED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**
**For the year ended 30 September 2000**
**7. TANGIBLE FIXED ASSETS**
**(a) Summary**

	<b>Freehold Land and Buildings</b>	<b>Plant fixtures and Vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
1 October 1999	2,648,603	29,581,171	32,229,774
Additions	-	621,630	621,630
Disposals	-	(2,022)	(2,022)
<b>30 September 2000</b>	<b><u>2,648,603</u></b>	<b><u>30,200,779</u></b>	<b><u>32,849,382</u></b>
<b>Depreciation</b>			
1 October 1999	1,374,677	20,508,990	21,883,667
Charge for the year	70,876	1,320,003	1,390,879
Disposals	-	(2,022)	(2,022)
<b>30 September 2000</b>	<b><u>1,445,553</u></b>	<b><u>21,826,971</u></b>	<b><u>23,272,524</u></b>
<b>Net book value</b>			
Owned assets	1,203,050	8,373,808	9,576,858
<b>30 September 2000</b>	<b><u>1,203,050</u></b>	<b><u>8,373,808</u></b>	<b><u>9,576,858</u></b>
Owned assets	1,273,926	7,655,536	8,929,462
Leased assets	-	1,416,645	1,416,645
<b>30 September 1999</b>	<b><u>1,273,926</u></b>	<b><u>9,072,181</u></b>	<b><u>10,346,107</u></b>

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****7. TANGIBLE FIXED ASSETS (Continued)****(b) Capital Commitments**

The directors had authorised capital expenditure as follows:

	<b>2000</b>	1999
	£	£
Against which orders had been placed	<u>-</u>	<u>65,699</u>

**8. FIXED ASSET INVESTMENT****Investment in subsidiary undertaking****Cost**

At 1 October 1999 and 30 September 2000	<u><b>22,152</b></u>	<u>22,152</u>
---	----------------------	---------------

The company holds the whole of the issued share capital of Scapa-Porritt Limited GmbH incorporated in Germany.

The principal activities of the subsidiary undertaking are the provision of sales support services.

In the opinion of the directors the aggregate value of the companies investment in the subsidiary undertaking, is not less than the amount included in the balance sheet.

**9. STOCKS**

	<b>2000</b>	1999
	£	£
Raw materials and consumables	<b>588,297</b>	492,153
Work in progress	<b>561,830</b>	590,542
Finished goods	<b>3,576,059</b>	4,273,033
Maintenance and other stocks	<u><b>425,122</b></u>	<u>443,122</u>
	<u><b>5,151,308</b></u>	<u>5,798,850</u>

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**
**For the year ended 30 September 2000**

<b>10. DEBTORS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>4,564,127</b>	5,404,755
Amounts owed by fellow subsidiary undertakings	<b>4,325,587</b>	996,680
Other debtors	<b>133,096</b>	1,040,823
Prepayments and accrued income	<b>192,616</b>	204,447
	<b><u>9,215,426</u></b>	<b><u>7,646,705</u></b>

Amounts falling due after more than one year and included in the debtors above are:

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Other debtors	<b><u>58,555</u></b>	<b><u>51,732</u></b>

**11. CREDITORS: amounts falling due within one year**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>996,469</b>	438,275
Trade creditors	<b>1,706,727</b>	1,718,337
Amounts owed to parent undertaking and fellow subsidiary undertakings	<b>4,740,224</b>	1,292,492
Obligations under finance leases	-	528,945
Corporation tax	<b>301,735</b>	319,939
Other taxation and social security	<b>268,066</b>	292,598
Accruals and deferred income	<b>1,075,682</b>	686,956
Other creditors	<b>46,962</b>	55,712
	<b><u>9,135,865</u></b>	<b><u>5,333,254</u></b>

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**
**For the year ended 30 September 2000**

<b>12. PROVISIONS</b>	<b>Reorganisation Costs £</b>	<b>Deferred Tax (note 13) £</b>	<b>Total £</b>
1 October	29,820	639,000	668,820
Provision movement	(29,820)	286,000	256,180
Arising on acquisition (note 6)	-	222,000	222,000
September 2000	<u>-</u>	<u>1,147,000</u>	<u>1,147,000</u>

**13. DEFERRED TAXATION**

The movement in the deferred tax provision can be summarised as follows:

	<b>£</b>
1 October 1999	639,000
Arising on acquisition of trade and assets	222,000
Transfer from profit and loss account	286,000
30 September 2000	<u>1,147,000</u>

	<b>2000</b>		<b>1999</b>	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	<b>1,899,000</b>	-	639,000	1,053,156
Other timing differences	<b>(752,000)</b>	-	-	167,904
	<b>1,147,000</b>	-	639,000	1,221,060

**14. DEFERRED INCOME – Government grants**

	<b>2000 £</b>	<b>1999 £</b>
1 October 1999	<b>78,081</b>	81,146
Released to the profit and loss account	<b>(6,829)</b>	(3,065)
September 2000	<u><b>71,252</b></u>	<u>78,081</u>

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**  
**For the year ended 30 September 2000**
**15. EQUITY SHARE CAPITAL**

	<b>Authorised 2000 Number</b>	<b>Allotted Called up and fully Paid £</b>
£1 ordinary shares	<u>30,000,000</u>	<u>19,400,002</u>

**16. PROFIT AND LOSS ACCOUNT**

	<b>Profit and Loss account £</b>
1 October 1999	620,355
Deficit for the year	(611,934)
<b>30 September 2000</b>	<u>8,421</u>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2000 £</b>	<b>1999 £</b>
Profit for the year	1,496,421	620,355
Dividends paid	(2,108,355)	-
Issue of shares	-	19,400,002
Net (reduction in) addition to shareholders' funds	<u>(611,934)</u>	<u>20,020,357</u>
Opening shareholders' funds	20,020,357	-
Closing shareholders' funds	<u>19,408,423</u>	<u>20,020,357</u>

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****18. FINANCIAL COMMITMENTS****(a) Operating leases**

At 30 September 2000 the company had annual commitments under non-cancellable operating leases, none of which related to land and buildings, as follows:

	<b>2000</b>	1999
	<b>£</b>	£
Expiry date:		
Within one year	<b>26,716</b>	10,725
Between one and two years	<b>50,784</b>	43,020
Between two and five years	<b><u>55,596</u></b>	<u>76,308</u>
	<b><u>133,096</u></b>	<u>130,053</u>

**(b) Foreign currency**

Forward foreign exchange commitments entered into by the company in the normal course of business at 30 September 2000 were £1,220,410 (1999: £2,046,687).



**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****19. DIRECTORS****(a) Emoluments**

	<b>2000</b>	1999
	<b>£</b>	£
The emoluments of directors of the company for services as directors were:		
Remuneration for management services	<b>148,420</b>	52,363
Costs of defined contribution pension scheme	<u><b>24,830</b></u>	<u>8,300</u>
	<u><b>173,250</b></u>	<u>60,663</u>

The number of directors for which the company made Pension Contributions are as follows:

<u><b>2</b></u>	<u>2</u>
-----------------	----------

**(b) Highest paid director**

Fees and other emoluments disclosed above, excluding pension contributions, include the following paid to the highest-paid director	<u><b>58,609</b></u>	<u>31,294</u>
---	----------------------	---------------

**VOITH FABRICS BLACKBURN LIMITED****NOTES TO THE FINANCIAL STATEMENTS (cont'd)****For the year ended 30 September 2000****20. EMPLOYEES****(a) Number of employees**

The average number of persons, including directors, employed by the company during the year was:

	<b>2000</b>	1999
	<b>Number</b>	Number
Weekly	<b>241</b>	247
Monthly	<b><u>86</u></b>	<u>97</u>
	<b><u>327</u></b>	<u>344</u>

**(b) Employment costs**

	<b>2000</b>	1999
	<b>£</b>	£
Wages and salaries	<b>6,806,695</b>	2,585,934
Social security costs	<b>656,633</b>	296,198
Other pension costs	<b><u>338,939</u></b>	<u>130,972</u>
	<b><u>7,802,267</u></b>	<u>3,013,104</u>

**21. CONTINGENT LIABILITIES**

The company participates in a number of guarantees and indemnities, the liability as at 30 September 2000 was £254,430 (1999 - £209,842).

**22. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption allowed by FRS 8 not to disclose transactions and balances with J M Voith AG and its subsidiaries.

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**
**For the year ended 30 September 2000**
**23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>2000</b>		<b>6 months to 30 September 1999</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating Profit		2,066,499		884,555
Depreciation		1,390,879		634,675
Amortisation of goodwill		150,162		4,472
Deferred Credits		(6,829)		(3,065)
Loss on sale of fixed assets		-		1,099
Decrease in Stock	647,542		1,067,261	
(Increase)/Decrease in Debtors	(1,744,986)		2,390,327	
Increase/(Decrease) in Creditors	(100,902)		(5,331,226)	
Increase/(Decrease) in Provisions	(29,820)	(1,228,166)	-	(1,873,638)
Net cash inflow from operating activities		<u>2,372,545</u>		<u>(351,902)</u>

**24. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT**

	<b>2000</b>		<b>6 months to 30 September 1999</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Overdraft (increases)	(558,194)		(438,275)	
(Decrease)/increase in cash in the year	(653,181)		4,421,517	
Finance leases acquired with businesses	-		(596,273)	
Cash outflow from decrease in lease financing	<u>528,945</u>		<u>67,328</u>	
Change in net funds resulting from cash flows	(682,430)		3,454,297	
Opening net funds	<u>3,454,297</u>		-	
Closing net funds	<u>2,771,867</u>		<u>3,454,297</u>	

**VOITH FABRICS BLACKBURN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**For the year ended 30 September 2000**
**25. ANALYSIS OF CHANGE IN NET DEBT**

	<b>At</b>		<b>At</b>
	<b>01.10.99</b>	<b>Cash flow</b>	<b>30.09.00</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	4,421,517	(653,181)	3,768,336
Bank overdrafts	(438,275)	(558,194)	(996,469)
Finance leases	(528,945)	528,945	-
	<hr/>	<hr/>	<hr/>
Total	3,454,297	(682,430)	2,771,867
	<hr/>	<hr/>	<hr/>

**26. ULTIMATE PARENT COMPANY**

The directors regard JM Voith AG, as the company's immediate and ultimate parent company and ultimate controlling party.

Copies of the consolidated financial statements of J M Voith AG may be obtained from PO Box 1940, B-89509 Heidenheim, Germany.