Company Registration No. 5709148

LENZING FIBERS GRIMSBY LIMITED

Report and Financial Statements

31 December 2015

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LENZING FIBERS GRIMSBY LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS **Page**

LENZING FIBERS GRIMSBY LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Turrell
A Dodds
P Munson

SECRETARY

J Turrell

REGISTERED OFFICE

Energy Park Way
Grimsby
DN31 2TT

BANKERS

Barclays Bank plc
2 Humber Quays
Wellington Street West
Hull
HU1 2BN
UK

Deutsche Bank AG
10 Bishops Square
London
E1 6AO
UK

UniCredit Bank Austria AG
8072 Multinational Corporates
Schottengasse 6
A-1010 Wien
Austria

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK

LENZING FIBERS GRIMSBY LIMITED

STRATEGIC REPORT
31 December 2015

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacture of lyocell fibre.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are in line with the company's business plan. The directors believe the future prospects of the company to be encouraging.

The Board monitors the company's performance in a number of ways, including Key Performance Indicators.

The Key Performance Indicators together with the information for 2015 and 2014 are as follows:

	2015	2014
Turnover (£'000)	64,561	63,821
Gross profit (£'000)	13,447	6,246
Profit/(loss) before tax (£'000)	6,459	(3,312)
Number of lost time accidents	-	-

The statement of financial position on page 7 of the financial statements shows the company's financial position.

RESEARCH AND DEVELOPMENT

The company continues to invest in research and development. This has resulted in a number of new product trials which if launched are expected to make significant contributions to the growth of the business. The Directors regard investment in this area as a prerequisite for success in the medium to long-term future.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including credit risk and cash flow risk. The company makes use of derivative financial instruments.

Credit risk

The group's principal financial assets are cash and trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the company's balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Exchange rate risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company utilises foreign currency bank accounts in order to minimise this risk.

Approved by the Board of Directors and signed on behalf of the Board:

Jemma Turrell

Director

15 July 2016

DIRECTORS' REPORT
31 December 2015

The directors present their annual report on the affairs of the company, together with the financial statements and Auditor's report for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The company's profit for the year after taxation was £5,235k (2014: Loss of £2,245k). The profit has been transferred to reserves. No dividend has been approved for 2015 (2014: £Nil).

GOING CONCERN

The directors, in their consideration of going concern, have reviewed the Company's future cash flow forecasts and revenue projections, which they believe are based on reasonable market data and past experience.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of signing these financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors who served during the year and subsequently were as follows:

Jemma Louise Turrell;

Adrian Charles Francis Dodds; and

Philip Munson.

AUDITOR

Each of the persons who are a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and

(2) the director 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company. A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board:

Jemma Turrell

Director

15 July 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 101 Reduced Disclosure Framework. 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 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 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 AUDITOR'S REPORT TO THE MEMBERS OF LENZING FIBERS GRIMSBY LIMITED

We have audited the financial statements of Lenzing Fibers Grimsby Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kongdom generally accepted accounting practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosures Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Matthew Hughes

Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK

19 July 2016

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2015

	Note	2015 £'000	Restated 2014 £'000
Turnover	4	64,561	63,821
Cost of sales		(51,114)	(57,575)
GROSS PROFIT		13,447	6,246
Administrative expenses		(7,717)	(7,544)
OPERATING PROFIT/(LOSS)	6	5,730	(1,298)
Interest receivable and similar income	8	6	16
Other gains and losses	9	723	(2,030)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6,459	(3,312)
Tax on profit/(loss) on ordinary activities	10	(1,224)	1,067
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		5,235	(2,245)

Turnover and operating profit are derived from continuing operations in the current and prior year.

The Company had no transactions in the period ended 31 December 2015 or 31 December 2014 which would be disclosed in a statement of Other Comprehensive Income other than the net profit or loss as stated above. As such no statement of Other Comprehensive Income has been prepared.

BALANCE SHEET
31 December 2015

	Note	2015 £'000	Restated 2014 £'000
FIXED ASSETS			
Tangible assets	11	15,299	14,339
		15,299	14,339
CURRENT ASSETS			
Stocks	12	8,133	9,366
Debtors	13	14,566	14,648
Cash at bank and in hand		16,106	12,360
		38,805	36,374
CREDITORS: Amounts falling due within one year	14	(6,374)	(7,715)
NET CURRENT ASSETS		32,431	28,659
TOTAL ASSETS LESS CURRENT LIABILITIES		47,730	42,998
CREDITORS: Amounts falling due after more than one year	14	(4)	(673)
PROVISIONS	15	(518)	(314)
NET ASSETS		47,208	42,011
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Hedging reserve		27	65
Profit and loss account		3,418	(1,817)
Capital contribution		43,763	43,763
SHAREHOLDERS' FUNDS		47,208	42,011

The financial statements for Lenzing Fibers Grimsby Limited (registered number 5709148) were approved by the Board of Directors and authorised for issue on 15 July 2016. The notes on the following pages form an integral part of these financial statements.

Signed on behalf of the Board of Directors:

Jemma Turrell

Director

Company Registration Number: 5709148

STATEMENT OF CHANGES IN EQUITY
31 December 2015

	Share capital £'000	Capital contribution £'000	Hedging reserve £'000	Profit and loss account £'000	Total £'000
Balance at 31 December 2013 (as previously stated)	-	43,763	-	6,428	**50,191**
Changes on transition to FRS101 (see note 23)	-	-	203	-	**203**
Restated balance at 1 January 2014	-	43,763	203	6,428	**50,394**
Profit for the period	-	-	(138)	(2,245)	**(2,383)**
Total comprehensive income for the period	-	-	(138)	(2,245)	**(2,383)**
Dividends	-	-	-	(6,000)	**(6,000)**
Balance at 31 December 2014	-	43,763	65	(1,817)	**42,011**
Profit for the period	-	-	(38)	5,235	**5,197**
Total comprehensive income for the period	-	-	(38)	5,235	**5,197**
Balance at 31 December 2015	-	43,763	27	3,418	**47,208**

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

1. **GENERAL INFORMATION**

Lenzing Fibers Grimsby Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest Pound Sterling (£'000) except when otherwise stated.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

2. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of B&C Holding GmbH. The group accounts of B&C Holding GmbH are available to the public and can be obtained as set out in note 22.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see note 23.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report page 2.

The directors, in their consideration of going concern, have reviewed the Company's future cash flow forecasts and revenue projections, which they believe are based on reasonable market data and past experience.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of signing the accounts. For this reason they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and provision for impairment. Freehold land is not depreciated. Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the straight-line method, on the following bases:

Buildings	15 years
Plant & equipment	10 or 15 years
Fixtures and fittings	10 years

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets under construction are not depreciated until they are brought into use.

No assets are held under finance lease.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, appropriate labour and overheads that have been incurred in bringing the stocks to their present location and condition. Consignment engineering stores are excluded from stock. Provisions are charged on engineering stores and filters to reflect the usage of the assets over their expected lives. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset would only be recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

All development expenditure incurred in the period has been expensed as it does not meet the requirements as stated above.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign exchange

Transactions denominated in currencies other than the Company's functional currency (foreign currencies) are translated into the functional currency at rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These foreign exchange transaction differences are recognised in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

2. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions

The cost of providing retirement pensions and related benefits in respect of defined contribution schemes is charged to the profit and loss account when incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Scheme is a Group Personal Pension Scheme and consequently employee and employer contributions accumulate in employees' individual policy accounts which are administered by a third party pension administrator.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants relating to fixed assets are treated as deferred income in the balance sheet and are credited to the profit and loss account over the lives of the related assets, which is approximately 14 years. Government grants relating to revenue expenditure are treated as deferred income and credited to the profit and loss account over the periods in which the related expenditure is incurred, which is approximately 10 years. The amount credited to the profit and loss account during the year was £nil (2014: £94,000).

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods and services from the company's principal activity, net of trade discounts, VAT and other sales-related taxes.

Turnover comprises the manufacture and sale of man-made fibres and the continued recharges for seconded staff to overseas group companies. Turnover from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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.

Turnover is recognised for the period of the staff secondment on an accruals basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit and loss account.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts, and gas prices.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedging reserve

A cash flow hedge reserve has arisen on transition to FRS 101. This represents the cumulative amount of gains and losses on hedging instruments held at the date of transition. The derivatives within the hedging reserve are being amortised based on the maturity of underlying hedge instruments, following applicable accounting policy.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company obtains values from the relevant corresponding third parties through use of period end exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

4. TURNOVER

The geographical analysis of turnover by class and geographical market is as follows:

	2015 £'000	2014 £'000
Provision of staff services to group companies	1,718	1,597
Sale of man-made fibres		
United Kingdom	3,743	3,557
Europe	7,370	5,414
Asia	49,521	50,430
Rest of World	2,209	2,823
	62,843	62,224
Total turnover	64,561	63,821

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2015 Number	2014 Number
Average monthly number of persons employed:		
Production	127	126
Selling and distribution	11	13
Administration	10	13
	148	152
	£'000	£'000
Staff costs during the year:		
Wages and salaries	7,062	6,919
Social security costs	747	723
Other pension costs	652	623
	8,461	8,265

It is not practicable or meaningful to disclose the allocations of emoluments of the directors across the various group companies during the year. The disclosure in the following paragraph relates to the total emoluments received by the directors in respect of their services to various group companies during the year.

The aggregate amount of emoluments paid to directors (excluding pension contributions) in respect of qualifying services was £299k (2014: £306k). Total contributions of £50k (2014: £46k) were also paid in respect of money purchase pension schemes for directors.

The emoluments of the highest paid director were £117k (2014: £118k). During the year the company made contributions of £20k (2014: £25k) to a money purchase pension scheme in respect of their qualifying services. No payments were made to directors under Long Term Incentive Plans.

There are no share option schemes in operation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

6. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been derived after charging/(crediting):	2015 £'000	2014 £'000
Depreciation of tangible fixed assets	1,328	5,107
Amortisation of government grants deferred income	-	(94)
Operating lease rentals:		
Plant and machinery	96	110
Other	367	381
Research and development costs	1,406	1,724
Net foreign exchange losses/(gains)	1,119	(728)

7. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £55,000 (2014: £47,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Bank interest receivable	6	16
	6	16

9. OTHER GAINS AND LOSSES

	2015 £'000	2014 £'000
Release of cash flow reserve	38	138
Fair value gain / (loss) on derivatives held at year end	685	(2,168)
	723	(2,030)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises:

	2015 £'000	Restated 2014 £'000
Current tax		
United Kingdom corporation tax on the profit/(loss) for the year	1,038	251
Adjustment in respect of prior periods	(18)	(498)
Total current tax	1,020	(247)
Deferred tax		
Current year	216	(868)
Adjustments in respect of prior periods	(12)	48
	204	(820)
Total tax charge/(credit) on profit on ordinary activities	1,224	(1,067)

b) Factors affecting the tax charge for the year

The tax charge for the year can be reconciled to the profit and loss account as follows:

	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before tax	6,459	(3,312)
Tax at the standard rate of 20.25% (2014: 21.50%)	1,310	(712)
Effect of:		
Adjustment to tax charge in respect of prior periods	(31)	(450)
Expenses not deductible for tax purposes	(10)	31
Tax rate changes	(61)	64
Effect of non-qualifying depreciation	16	-
Tax charge for the period	1,224	(1,067)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

11 TANGIBLE FIXED ASSETS

Cost	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, Fittings and equipment £'000	Assets under construction £'000	Total £'000
At 1 January 2015	2,163	23,953	815	708	27,639
Additions	-	1,401	112	775	2,288
Transfer between categories	-	648	60	(708)	-
At 31 December 2015	2,163	26,002	987	775	29,927
Accumulated depreciation					
At 1 January 2015	2,044	10,752	504	-	13,300
Charge for the year	18	1,221	89	-	1,328
At 31 December 2015	2,062	11,973	593	-	14,628
Net book value					
At 31 December 2015	101	14,029	394	775	15,299
At 31 December 2014	119	13,201	311	708	14,339

Freehold land and buildings includes an amount that was historically acquired for land which is not depreciated. The original value of the land is not known and therefore held at nil cost.

12. STOCKS

	2015 £'000	2014 £'000
Raw materials	6,184	6,484
Finished goods	1,949	2,882
	8,133	9,366

The market value of stock is in excess of its carrying value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

13. DEBTORS

	2015 £'000	Restated 2014 £'000
Amounts falling due within one year:		
Trade debtors	6,062	5,466
Amounts owed by group undertakings	7,786	6,360
Prepayments	385	491
VAT recoverable	262	1,015
Corporation tax recoverable	-	-
Derivative assets	44	108
Other receivables	12	1,206
	14,551	14,646
Amounts falling due after one year:		
Derivative assets	15	2
	15	2
Total debtors	14,566	14,648

14. CREDITORS

	2015 £'000	Restated 2014 £'000
Amounts falling due within one year:		
Trade creditors	1,450	1,072
Amounts due to group undertakings	1,077	2,319
Corporation tax payable	290	227
Other taxation and social security	206	203
Derivative liabilities	1,375	1,503
Accruals and deferred income	1,976	2,391
	6,374	7,715

	2015 £'000	Restated 2014 £'000
Amounts falling due after one year:		
Derivative liabilities	4	673
	4	673

15. DEFERRED TAXATION

The movements in deferred taxation as calculated on the liability method at 18% (2014: 20%) are set out below:

	2015 £'000	Restated 2014 £'000
At 1 January	314	1,134
Charge/(credit) for the year	216	(868)
Adjustment in respect of rate change	-	-
Adjustment in respect of prior year	(12)	48
At 31 December	518	314

The amount of deferred taxation provided and not provided in the accounts are as follows:

	Provided 2015 £'000	Not provided 2015 £'000	Restated Provided 2014 £'000	Not provided 2014 £'000
Accelerated capital allowances	900	-	775	-
Short term timing differences	(66)	-	(105)	-
Derivative contracts transition adjustment	(316)		(356)	
	518	-	314	-

16. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

The Company has one class of ordinary shares which carry no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 December 2015

17. DIVIDENDS ON EQUITY SHARES

	2015 £	2014 £
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2014 of 0p (2013: 600,000,000p) per ordinary share	-	6,000
	-	6,000
Proposed final dividend for the year ended 31 December 2015 of 0 p (2014: 0p) per ordinary share	-	-
	-	-

18. OPERATING LEASE ARRANGEMENTS

	2015 £	2014 £
Lease payments under operating leases recognised as an expense in the year	463	491

At 31 December 2015, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2015 £'000	Other 2015 £'000	Land and buildings 2014 £'000	Other 2014 £'000
Within one year	99	70	207	64
Within two to five years	-	110	-	183
Greater than five years	-	-	-	17
	99	180	207	264

19. CAPITAL COMMITMENTS

At 31 December 2015, capital expenditure contracted for but not provided for amounted to £2,388k (2014: £882k).

20. PENSIONS

The company has a defined contribution Group Personal Pension Plan administered by Legal & General. The contributions of the company to this scheme vary according to the level of contribution and age of the member. The pension costs of the company under this plan in 2015 were £652k (2014: £623k). At 31 December 2015, contributions due to the plan but not paid were £89k (2014: £87k). These contributions were paid over to the plan in January 2016.

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 101 not to disclose transactions with other group companies.

22. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Lenzing Fibers Grimsby Limited is a wholly owned subsidiary of Lenzing Fibers Holding GmbH, a company incorporated in Austria. The ultimate parent undertaking and controlling party is B & C Holding GmbH.

The smallest and largest groups in which Lenzing Fibers Grimsby Limited is consolidated are those headed by Lenzing AG and B & C Holding GmbH respectively.

Copies of the consolidated financial statements of B&C Holding GmbH are available from the Corporate Communications Department, Lenzing AG, 4860 Lenzing, Austria.

23. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity

	At 31 December 2014 £'000	At 1 December 2014 £'000
Equity reported under previous UK GAAP	43,570	50,191
Adjustments to equity on transition to FRS 101		
Hedging reserve arising on transition	65	203
Fair value movement of derivatives held at period end	(1,624)	-
Equity reported under FRS 101	42,011	50,394

Reconciliation of total comprehensive income for the year ended 31 December 2014

	£'000
Loss for the financial year under previous UK GAAP	(621)
Loss on fair value of derivatives	(1,624)
Loss for the financial year under FRS 101	(2,245)

The cash flow hedge reserve has arisen on transition to FRS 101. This represents the cumulative amount of gains and losses on hedging instruments held at the date of transition. The derivatives within the hedging reserve are being amortised based on the maturity of underlying hedge instruments, following applicable accounting policy. The derivatives recognised on transition are measured at FVTPL resulting in gains and losses on fair value at period end being recognised through the Profit and Loss and an associated deferred tax impact.