

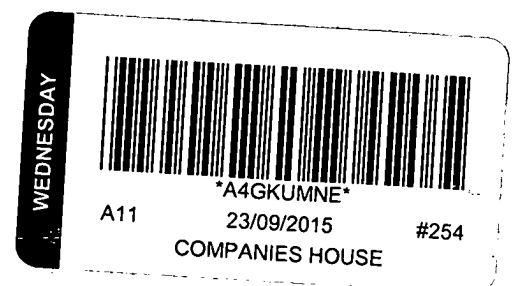


Bobst Manchester Ltd

Report and Financial Statements

31 December 2014

Company Number 2055148



Directors

A Tissi
E Bothorel

Secretary

T H McComb

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers

Barclays Bank PLC
1 Yorkshire Street
Rochdale
Lancashire OL16 1BJ

Registered Office

Pennine Business Park
Pilsworth Road
Heywood
Lancashire OL10 2TL

Strategic report

The directors present their Strategic report for the year ended 31 December 2014.

Principal activities and review of the business

The company is principally engaged in the manufacture of vacuum web coaters.

The key measures used to measure the performance of the company are its turnover, profits and cash flow. These are summarised as follows:

	2014 £000	2013 £000	Change %
Turnover	27,583	27,940	-1.3%
Gross margin	7,872	7,303	+7.8%
Operating profit	3,111	2,147	+44.9%
Profit for the financial year	2,793	1,565	+78.5%
Shareholders funds	7,471	6,878	+8.6%
Cash at bank and on hand	3,250	1,390	+133.8%

Turnover for the year was £27,583,000, a decrease of 1.3% on the previous year's level, but the gross margin has increased to 28.5% against 26.1% in 2013. The operating profit and profit for the financial year reflect this improvement in margin and have been further improved by an increase in the foreign exchange gain. The increase in the cash in hand reflects the improvement in gross margin and the improved utilisation of working capital.

The directors have confirmed their view that the company has a balanced portfolio of products and a cost base which will enable the company to continue to trade profitably.

Principal risks and uncertainties

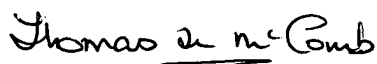
Foreign currency risk

The principal financial risks affecting the company relate to foreign exchange movements. The company enters into forward exchange contracts to mitigate the effects of foreign exchange movements. The company's accounting policy on foreign exchange is set out in note 1 to the financial statements.

Credit risk

The company's objective is to reduce the risk of financial loss due to a counter-party's failure to honour its obligations. The company adopts standard payment terms for customers and individual exposures are monitored, with customers subject to credit limits to ensure that the company's exposure to bad debts is minimised.

By order of the Board



T H McComb
Secretary

20 July 2015

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £2,793,000 (2013 – profit of £1,565,000). During the year the directors have recommended and paid a dividend of 55p per share (2013 – 50p per share) amounting to £2,200,055 (2013 – £2,000,050).

Directors

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

A Tissi
E Bothorel

Future developments

No major changes are expected in the nature of the company's activities.

Financial instruments

Treasury policies

The company's financial instruments comprise a current account, cash and liquid resources, forward currency contracts, balances from group undertakings and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the company's operations.

Research and development

The company conducts research and development on a continuing basis to improve and develop the range of products. Such expenditure is charged against profits in the year in which it is incurred.

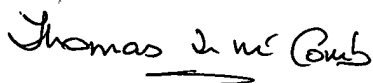
Disclosure of information to the auditors

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 is obliged to take as a director in order to make himself 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.

By order of the Board



T H McComb
Secretary

20 July 2015

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; and
- 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 Bobst Manchester Ltd

We have audited the financial statements of Bobst Manchester Ltd for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Strategic report, Directors' report and Financial Statements 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 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (*continued*)

to the members of Bobst Manchester Ltd

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.

Ernst + Young LLP

Andrea Harrison (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester

23 July 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	27,583	27,940
Cost of sales		(19,711)	(20,637)
Gross profit		7,872	7,303
Distribution costs		(3,088)	(2,773)
Administrative expenses		(1,751)	(2,463)
Other operating income		78	80
Operating profit	3	3,111	2,147
Interest receivable and similar income		6	-
Profit on ordinary activities before taxation		3,117	2,147
Tax	6	(324)	(582)
Profit for the financial year	14	2,793	1,565

All activities derive from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £2,793,000 in the year ended 31 December 2014 (2013 – profit of £1,565,000).

Balance sheet

at 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Fixed assets			
Tangible assets	7	2,481	2,616
Current assets			
Stocks	8	3,953	4,305
Debtors	9	6,230	5,438
Cash at bank and in hand		3,250	1,390
		13,433	11,133
Creditors: amounts falling due within one year	10	(7,957)	(6,296)
Net current assets		5,476	4,837
Total assets less current liabilities		7,957	7,453
Creditors: amounts falling due after more than one year		—	—
Provisions for liabilities	11	(486)	(575)
Net assets		7,471	6,878
Capital and reserves			
Called up share capital	12	4,000	4,000
Profit and loss account	13	3,471	2,878
Shareholders' funds	13	7,471	6,878

The financial statements were approved by the Board on 20 July 2015 and signed on its behalf by:


A Tissi
Director

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. On the basis of forecast cash flows the directors are confident that the company has sufficient resources to meet its liabilities as they fall due in the foreseeable future. The Company would also have access to finance through the parent company should this ever be required

Statement of cash flows

The company has taken advantage of the exemption from preparing a statement of cash flows conferred by FRS 1 (revised) on the grounds that it is entitled to the exemption as a wholly owned subsidiary of a parent undertaking which publishes a group statement of cash flows.

Tangible fixed assets

Depreciation is calculated to write off the cost of all tangible fixed assets evenly over their estimated useful lives at the following rates:

Freehold buildings	–	2½% – 4%
Plant and equipment	–	10% – 33.3%
Motor vehicles	–	20%

No depreciation is provided on freehold land.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value net of any payments on account receivable. Net realisable value is based on estimated selling price less the estimated cost of disposal. Cost is computed as follows:

Raw materials	–	purchase cost on a first in, first out basis
Work in progress and finished goods	–	cost of direct materials and labour, plus attributable overheads

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 exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate approximating to those ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets under finance leases are categorised as appropriate within creditors. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Turnover

Turnover represents the amounts invoiced and billable to customers, excluding value added tax, of goods sold and services provided. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods, and can be reliably measured. Turnover from services provided is recognised when the service is complete. When a transaction combines the supply of goods with the provision of a significant service, turnover from the services provided is recognised separately from the turnover from the sale of goods by reference to the fair value of the services provided.

Turnover, cost of sales and operating expenses all relate to continuing operations.

Research and development

Research and development expenditure is written off against profits in the year in which it is incurred.

Derivative financial instruments

Derivatives are recognised at fair value. Changes in fair value are immediately recognised through profit or loss account.

Financial derivatives in the form of forward commitments to purchase foreign currency are marked to market at the year end and the contract treated as an asset or liability as appropriate.

Warranty provision

The warranty provision is the estimated cost of work required to remedy any faults arising during the warranty period and is assessed having regard to the period of warranty outstanding at the balance sheet date and the company's experience of costs incurred on similar equipment in prior periods.

Pensions

The company operates a pension scheme for the benefit of employees under which contributions are held by trustees in a fund independent of the company's assets. The scheme is a defined contribution scheme and the cost of contributions is charged against the profit and loss account for the period in which it is incurred.

Notes to the financial statements

at 31 December 2014

2. Turnover

An analysis of turnover by geographical market is given below:

	2014 £000	2013 £000
United Kingdom	1,099	1,907
Europe	349	2,631
The Americas	6,587	6,650
Asia	19,425	16,695
Other export markets	123	57
	<u>27,583</u>	<u>27,940</u>

3. Operating profit

This is stated after charging/(crediting):

	2014 £000	2013 £000
Auditors' remuneration – audit services	25	25
– taxation services advisory	16	31
– taxation services compliance	6	6
Depreciation of owned fixed assets	201	201
Gain on disposal of fixed assets	(1)	–
Foreign exchange gains	(478)	(17)
Other operating income	(78)	(80)

Foreign exchange gains are included within administrative expenses.

4. Directors' remuneration

No director received any remuneration from the company during the year (2013 – £nil). The directors of the company are remunerated by the ultimate parent company and the details of their remuneration are disclosed within the financial statements of Bobst Group SA. The element of that remuneration that is attributable to this company cannot be reliably estimated.

5. Staff costs

	2014 £000	2013 £000
Wages and salaries	3,402	3,303
Social security costs	345	325
Other pension costs	326	266
	<u>4,073</u>	<u>3,894</u>

Notes to the financial statements

at 31 December 2014

5. Staff costs (continued)

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Production	92	85
Selling and distribution	3	2
Management and administration	11	11
	<u>106</u>	<u>98</u>

6. Tax

(a) Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	<i>2014</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>
Current tax:		
UK corporation tax on the profit for the year	–	–
Under/(over) provision in prior years	–	–
Total current tax (note 6(b))	<u>–</u>	<u>–</u>
Deferred tax:		
Origination and reversal of timing differences	324	593
Effect of increased tax rate on opening asset	–	(11)
Total deferred tax (note 6(c))	<u>324</u>	<u>582</u>
Tax on profit on ordinary activities	<u>324</u>	<u>582</u>

Notes to the financial statements

at 31 December 2014

6. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	3,117	2,147
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%)	670	499
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	23	27
Capital allowances in excess of depreciation	(22)	(34)
Other timing differences	28	(92)
Group relief (received) for nil payment	(17)	–
Utilisation of brought forward tax losses	(682)	(400)
Current tax for the year (note 6(a))	–	–

(c) Deferred tax

	2014 £000	2013 £000
At 1 January	386	968
Profit and loss account (note 6(a))	(324)	(582)
At 31 December	62	386

The amount of unprovided deferred tax is as follows:

	2014 £000	2013 £000
Decelerated capital allowances	(86)	(107)
Other timing differences	24	50
Tax losses carried forward	–	(329)
	(62)	(386)
Recognised deferred tax asset	62	386
Unprovided deferred tax	–	–

Notes to the financial statements

at 31 December 2014

6. Tax (continued)

(d) Factors affecting future tax charges

In his budget of 20 March 2013 the Chancellor of the Exchequer announced certain changes which have an effect on the company's future tax position. The proposals included phased reductions in the corporation tax rate to 20% from 1 April 2015. The corporation tax rate has been reduced to 23% from 1 April 2013 and the enactment of the 2013 Finance Bill confirmed a reduction to the corporation tax rate to 21% from 1 April 2014 with a further reduction to 20% from 1 April 2015.

The rate changes will impact the amount of future cash tax payments made by the Company. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% effective from 2015.

7. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2014	3,078	1,197	35	4,310
Additions	–	66	–	66
Disposals	–	–	(23)	(23)
At 31 December 2014	3,078	1,263	12	4,353
Depreciation:				
At 1 January 2014	1,044	615	35	1,694
Provided during the year	95	106	–	201
Disposals during the year	–	–	(23)	(23)
At 31 December 2014	1,139	721	12	1,872
Net book value:				
At 31 December 2014	1,939	542	–	2,481
At 1 January 2014	2,034	582	–	2,616

Included in freehold land and buildings is freehold land of £239,000 (2013 – £239,000) which is not depreciated.

Notes to the financial statements

at 31 December 2014

8. Stocks

	2014 £000	2013 £000
Work in progress	7,612	9,316
Payments on account	(4,054)	(5,310)
	3,558	4,006
Raw materials and consumables	395	299
	3,953	4,305

The difference between the above values and the replacement cost of stocks is not material.

9. Debtors

	2014 £000	2013 £000
Trade debtors	2,600	2,866
Amounts owed by group undertakings	2,987	1,550
Deferred tax asset (note 6(c))	62	386
Other debtors	581	636
	6,230	5,438

As at 31 December 2014, trade debtors at initial value of £520,000 (2013 – £833,000) were impaired and fully provided for. Refer to the table below for the movements in the provision for impairment of debtors.

	<i>Individually impaired</i> £000	<i>Total</i> £000
At 1 January 2013	590	590
Charged for the year	247	247
Utilised	(4)	(4)
At 1 January 2014	833	833
Charge for the year	(313)	(313)
Utilised	(0)	(0)
At 31 December 2014	520	520

As at 31 December, the ageing analysis of trade debtors was as follows:

	<i>Total</i> £000	<i>Neither past due or impaired</i> £000	<i><60 days</i> £000	<i>60-120 days</i> £000	<i>>120 days</i> £000
2014	2,600	2,109	315	78	98
2013	2,866	1,332	1,401	51	82

Notes to the financial statements

at 31 December 2014

10. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank loans and overdrafts	186	–
Trade creditors	1,484	1,579
Amounts due to group undertakings	471	609
Payments received and on account	4,511	3,278
Other taxes and social security costs	149	142
Other creditors and accruals	1,156	688
	<u>7,957</u>	<u>6,296</u>

Terms and conditions of the above financial liabilities:

- Trade creditors are non-interest bearing and are settled on terms agreed at the time of entering into the transaction
- Other payables are non-interest bearing and have an average term of three months

11. Provisions for liabilities

	2014 £000	2013 £000
At 1 January	575	623
Arising during the year	325	299
Utilised	(414)	(347)
At 31 December	<u>486</u>	<u>575</u>

A provision is recognised for expected warranty claims on machines sold. The amount recognised relates to payments expected to arise in the years ending 31 December 2015 and 2016.

12. Issued share capital

	2014		2013	
<i>Allotted, called up and fully paid</i>	No.	£000	No.	£000
Ordinary shares of £1 each	4,000,100	<u>4,000</u>	4,000,100	<u>4,000</u>

Notes to the financial statements

at 31 December 2014

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2013	4,000	3,313	7,313
Profit for the year	–	1,565	1,565
	–	(2,000)	(2,000)
At 1 January 2014	4,000	2,878	6,878
Profit for the year	–	2,793	2,793
Dividend for the year	–	(2,200)	(2,200)
At 31 December 2014	4,000	3,471	7,471

14. Pensions

The group operates defined contribution schemes for the benefit of employees and directors. The pension cost charge for the year represents contributions payable to these schemes and amounted to £326,000 (2013 – £266,000). An amount of £37,000 (2013 – £31,000) is included in creditors at the year end.

15. Derivative financial instruments

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expenses are denominated in a different currency from the company's functional currency).

The company manages its foreign currency risk by entering into forward contracts on transactions that are expected to occur within a maximum 24 month period.

At 31 December 2014, the company had secured forward contracts on 83% (2013 – 51%) and 0% (2013 – 0%) of its foreign currency sales and purchases for which firm commitments existed at the balance sheet date, respectively.

Notes to the financial statements

at 31 December 2014

15. Derivative financial instruments (continued)

The following tables demonstrate the sensitivity to a reasonably possible change in the Euro and US dollar exchange rates, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	<i>Euro rate</i>	<i>Change in effect on profit before tax</i>
	<i>£000</i>	<i>£000</i>
2014	+7%	303
	-7%	(349)
2013	+5%	217
	-5%	(240)

	<i>US\$ rate</i>	<i>Change in effect on profit before tax</i>
	<i>%</i>	<i>£000</i>
2014	+5%	(95)
	-5%	105
2013	+5%	(19)
	-5%	21

The above movements are a result of the fact that none of the company's derivatives are designated in a hedging relationship. Although the derivatives have not been designated in a hedge relationship, they act as a commercial hedge and will offset the underlying transactions when they occur.

16. Contingent liabilities and commitments

The company is party to a bank cross guarantee covering amounts due by other group companies. The net amounts outstanding covered by these guarantees at 31 December 2014 were £109,000 (2013 – £Nil).

17. Related party transactions

The company has taken advantage of the exemption, in FRS 8, from providing details of transactions with members of the Bobst UK Holdings Limited and the Bobst Group SA groups.

18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Bobst UK Holdings Limited. The company's ultimate parent undertaking and controlling party is Bobst Group SA which is incorporated in Switzerland. Copies of the financial statements of Bobst Group SA are available from its registered office: Bobst Group SA, P.O.Box, CH-1001 Lausanne, Switzerland.