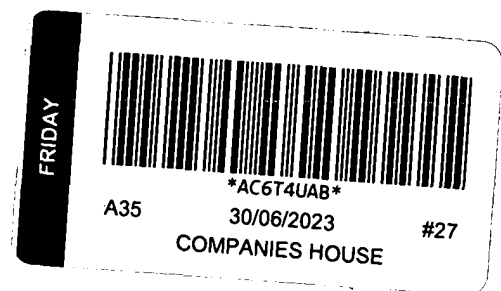


Registered number 00096177

Albany International Limited  
Annual report and financial statements  
for the year ended 31 December 2022



# **Albany International Limited**

## **Annual report and financial statements for the year ended 31 December 2022**

### **Contents**

Directors and professional advisers .....	1
Strategic report .....	2
Directors' report .....	5
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements .....	7
Independent auditor's report to the members of Albany International Limited .....	8
Profit and loss account and other comprehensive income .....	12
Balance sheet .....	13
Statement of changes in equity .....	14
Notes to the financial statements .....	15

## **Directors and professional advisers**

### **Directors**

D Halftermeyer

J M Gaug

### **Secretary**

B Berglund

### **Registered office**

Albany International Limited

Pilsworth Road

Bury

Lancashire

BL9 8RS

### **Solicitor**

Boote Edgar Esterkin

7 St James Square

Manchester

M2 6XX

### **Banker**

National Westminster Bank plc

36 The Rock

Bury

Lancashire

BL9 0NU

### **Independent Auditor**

Saffery Champness LLP

Trinity

16 John Dalton Street

Manchester

M2 6HY

# Albany International Limited

## Strategic report

The directors present their strategic report on Albany International Limited (the 'Company') for the year ended 31 December 2022.

### Principal activities

The Company provides toll manufacturing and sales services to Albany International Europe GmbH (AIEG). The Company also provides research and development services to Albany International Corporation Inc (AIC Inc). The Company is remunerated for these services based on the established arm's length pricing model. The Company generated all its revenues for 2022 under this arrangement.

### Review of the business

The Company's turnover in 2022 of £7,954k (2021: £7,399k) relates solely to revenue earned from toll manufacturing for sales services provided to AIEG and research and development income. For this reason, the Company is focused on the sharing of best practices and processes that will improve manufacturing quality and efficiency of plant operations.

The Company's profit before taxation for the financial year is £278k (2021: £253k). No dividend was declared or paid in 2022 (2021: £nil).

### Principal risks and uncertainties

#### *Price risk*

The Company has limited exposure to commodity price risk as a result of its operations since costs are recharged to other group companies.

#### *Product quality risk*

The Company has some exposure to quality issues which may occur during the manufacturing process and are attributable to the toll manufacturing services. Part 4 of the Manufacturing Service Agreement (sub 4.3) signed between AIEG and the Company defines certain provisions relating to 'Defective works'. In all the cases where the cost for defective works incurred by AIEG is attributable to the actions of the service Company, due to quality issues originating during the manufacturing process, the Company shall bear the cost.

# **Albany International Limited**

## **Strategic report (continued)**

### **Financial risk management**

Due to the characteristics of its business model, the Company's operations are exposed to limited financial risks, which can include foreign exchange risk, interest rate risk and credit risk.

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board given the size of the company. The policies set by the board of directors are implemented by the Company's finance department.

The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

### *Credit risk*

The Company has limited exposure to credit risk as it transacts business with other group companies.

### *Liquidity risk*

Where required, the Company obtains finance from other group companies to ensure it has sufficient available funds for operations and planned expansions.

### *Interest rate cash flow risk*

The Company has interest bearing assets and liabilities which relate to inter-group balances which are largely dictated by the group's interest rate management policies.

### *Foreign exchange rate risk*

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. There are no significant transactions in foreign currencies.

All of the Company's funding is provided via a cash-pool facility or intergroup loans from Albany International Swiss Holding. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR, as interest rates are variable.

As a subsidiary of Albany International Corporation (AIC Inc.), further details of Group policies in relation to external financial risks can be found in the Annual Report and Financial Statements of AIC Inc.

### **Future developments**

For the year ending 31 December 2023, the Company's turnover is expected to be in line with 2022. Consistent with 2022, revenue will relate solely to revenue earned from toll manufacturing and sales services provided to AIEG. The Company is focused on continuous improvement of its best practices and processes that will ultimately improve manufacturing quality and efficiency of plant operations.

# Albany International Limited

## Strategic report (continued)

### Financial risk management (continued)

#### Key performance indicators ("KPIs")

The directors of AIC Inc. manage the group's operations on a divisional basis. Albany International Limited forms part of the group's paper machine clothing division. For details on divisional performance, of which this Company forms a part, see AIC Inc's financial statements available from the address in note 16. Given the straightforward nature of the business, the Company's directors are using only a monthly Cost per Unit analysis as KPI to measure the business' performance.

	2022	2021
	£	£
<b>Total expenses</b>	<b>6,135,818</b>	<b>5,844,429</b>
<b>Total expenses less depreciation</b>	<b>5,577,766</b>	<b>5,267,305</b>
<b>Produced production units</b>	<b>16,768</b>	<b>19,355</b>
<b>Costs per unit £</b>	<b>333</b>	<b>272</b>

On behalf of the board

  
D Halfermeyer

Director

28 June 2023

# **Albany International Limited**

## **Directors' report**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

### **Future developments & financial risk management**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report (pages 2 to 4) information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of details of future developments & financial risk management.

### **Political donations**

There were no political donations during the financial year (2021: £nil).

### **Dividends**

The directors do not recommend the payment of a dividend (2021: £nil).

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D Halftermeyer

J M Gaug

### **Directors' indemnities**

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

### **Research and development (R&D)**

The Company's expenditure on research and development is disclosed in note 3 and is focused on developing new product applications for addressing and resolving customer and market requirements. R&D activities are performed on behalf of AIC Inc. and the costs incurred, plus a mark-up, are recharged to the parent company.

### **Statement of disclosure of information to auditor**

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

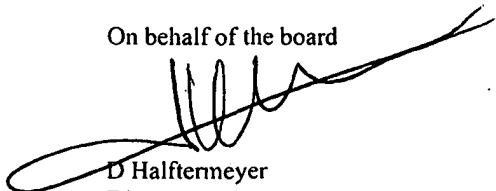
# **Albany International Limited**

## **Directors' report (continued)**

### **Independent auditor**

Saffery Champness LLP were re-appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'D Halftermeyer', written over a horizontal line.

D Halftermeyer

Director

28 June 2023

Registered number: 00096177

Pilsworth Road

Bury

Lancashire

BL9 8RS



# **Albany International Limited**

## **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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# **Albany International Limited**

## **Independent auditor's report to the members of Albany International Limited**

### **Opinion**

We have audited the financial statements of Albany International Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **Albany International Limited**

## **Independent auditor's report to the members of Albany International Limited (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# **Albany International Limited**

## **Independent auditor's report to the members of Albany International Limited (continued)**

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

#### **Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

#### **Audit response to risks identified:**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

# **Albany International Limited**

## **Independent auditor's report to the members of Albany International Limited (continued)**

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.

  
.....

Diane Petit-Laurent FCA (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors

Trinity  
16 John Dalton Street  
Manchester  
M2 6HY

28 June 2023

# Albany International Limited

## Statement of comprehensive income

*for the year ended 31 December 2022*

		2022	2021
	Note	£'000	£'000
Turnover	2	7,954	7,399
Cost of sales		(7,199)	(6,649)
<b>Gross profit</b>		<b>755</b>	<b>750</b>
Administrative expenses	3	(818)	(698)
<b>Operating (loss) / profit</b>		<b>(63)</b>	<b>52</b>
Interest receivable and similar income	6	341	201
<b>Profit before taxation</b>		<b>278</b>	<b>253</b>
Taxation on profit	7	(56)	(469)
<b>Profit / (loss) for the financial year</b>		<b>222</b>	<b>(216)</b>
<b>Other comprehensive income</b>			
Remeasurement of the net defined benefit asset	12	(7,246)	377
Income tax on other comprehensive income	7	1,812	(389)
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(5,434)</b>	<b>(12)</b>
<b>Total comprehensive loss for the year</b>		<b>(5,212)</b>	<b>(228)</b>

The results are wholly attributable to the continuing activities of the company.

The notes on pages 15 to 28 are an integral part of these financial statements.

# Albany International Limited

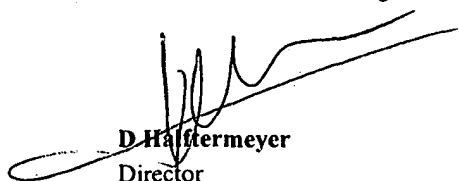
## Balance sheet

as at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	8	8,017	7,516
<b>Current assets</b>			
Debtors	9	5,012	4,569
Cash at bank and in hand		395	790
<b>Current assets total</b>		<b>5,407</b>	<b>5,359</b>
Creditors - amounts falling due within one year	10	(1,269)	(797)
<b>Net current assets</b>		<b>4,138</b>	<b>4,562</b>
<b>Total assets less current liabilities</b>		<b>12,155</b>	<b>12,078</b>
Provisions for liabilities and charges	11	(1,263)	(2,940)
<b>Net assets excluding pension asset</b>		<b>10,892</b>	<b>9,138</b>
Defined benefit pension scheme asset	12	8,187	15,153
<b>Net assets</b>		<b>19,079</b>	<b>24,291</b>
<b>Capital and reserves</b>			
Called up share capital	13	1,617	1,617
Share premium account		3,843	3,843
Profit and loss account		13,619	18,831
<b>Total shareholders' funds</b>		<b>19,079</b>	<b>24,291</b>

The notes on pages 15 to 28 are an integral part of these financial statements.

The financial statements on pages 12 to 28 were approved and authorised for issue by the Board of directors on 28 June 2023 and were signed on its behalf by:



**D. Halftermeyer**  
Director

Company number 00096177

# Albany International Limited

## Statement of changes in equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	1,617	3,843	19,059	24,519
<b>Total comprehensive income for the year</b>				
Loss for the financial year	-	-	(216)	(216)
Other comprehensive income for the year	-	-	(12)	(12)
Total comprehensive income for the year	-	-	(228)	(228)
Balance at 1 January 2022	1,617	3,843	18,831	24,291
<b>Total comprehensive income for the year</b>				
Profit for the financial year	-	-	222	222
Other comprehensive income for the year	-	-	(5,434)	(5,434)
Total comprehensive income for the year	-	-	(5,212)	(5,212)
<b>Balance at 31 December 2022</b>	<b>1,617</b>	<b>3,843</b>	<b>13,619</b>	<b>19,079</b>



# Albany International Limited

## Notes to the financial statements

### 1 Accounting policies

Albany International Limited (the "Company") is a private company limited by shares and incorporated and domiciled and registered in England and Wales, registered number 00096177. The address of the registered office is Pilsworth Road, Bury, Lancashire, BL9 8RS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Albany International Corporation Inc. (AIC Inc.), includes the Company in its consolidated financial statements. The consolidated financial statements of AIC Inc. are available to the public and may be obtained from 216 Airport Dr. Rochester, NH 03867 USA.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As described in the Turnover section below, the Company is part of an inter-company process for paper machine clothing. As a result, the ability of the Company to continue as a going concern is based on the ability of the Albany International Group (the 'Group') to continue as a going concern. The Company has a long-established expertise in the paper machine clothing industry. This expertise and manufacturing capability is not readily available elsewhere in the Group or externally to the Group and could not realistically be replaced in the short to medium term.

Those forecasts are dependent on other group companies continuing to purchase products and services from the company and the ultimate parent company renewing the Manufacturing Services Agreement. Albany International Europe GmbH has confirmed its intention to continue to renew the Manufacturing Services Agreement for the period covered by the forecasts.

# Albany International Limited

## Notes (continued)

### 1 Accounting policies (continued)

The directors have also considered the financial viability of the wider Albany Group headed by Albany International Corporation Inc. Albany Group has continued to be cash generative and has access to significant credit facilities should it be required.

As with any Company placing reliance on other group entities for continued operational support, the Directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so given the details above.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Turnover

Turnover, which excludes value added tax, represents amounts charged for toll manufacturing, research and development, and sales services. It arises geographically from group companies within the EEA.

Turnover is recognised as services are provided to the group companies.

#### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised on a net basis in the profit and loss account (except for differences arising on the retranslation of items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income).

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	2 – 4%
Plant and machinery	10%
Fixtures and fittings	20%

# Albany International Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Deferred tax balances are not discounted.

#### Employee benefits

##### *Defined benefit plans*

The company operates a defined benefit plan for the benefit of its employees. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

## **Albany International Limited**

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by Willis Towers Watson using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

# **Albany International Limited**

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **Employee benefits (continued)**

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **Research and development**

Expenditure on research and development is charged to the profit and loss account as incurred.

#### **Accounting estimates and judgements**

The areas where key accounting estimates and judgements have been applied in the preparation of the financial statements are set below:

- Assumptions adopted in the calculation of the net defined benefit obligation (see note 12).

#### **Interest receivable and interest payable**

Other interest receivable and similar income include interest receivable on funds invested and are recognised in profit or loss as they accrue, using the effective interest method.

# Albany International Limited

## Notes (continued)

### 2 Turnover

	2022 £'000	2021 £'000
Toll manufacturing income	6,679	6,373
European sales income	566	524
R&D recharges	1,053	831
Returns and allowances	(344)	(329)
<b>Total turnover</b>	<b>7,954</b>	<b>7,399</b>

All sales take place in Europe outside the UK.

### 3 Expenses and auditor's remuneration

*Included in profit / loss are the following:*

	2022 £'000	2021 £'000
Research and development expense	1,003	770
Foreign exchange gain	(5)	(20)

*Auditor's remuneration:*

Audit of these financial statements	42	32
-------------------------------------	----	----

### 4 Staff numbers and costs

The average monthly number of persons (including executive directors) employed during the year was:

By function	2022 Number	2021 Number
Production	61	62
Selling and distribution	3	4
Administration	3	3
	<b>67</b>	<b>69</b>

# Albany International Limited

## Notes (continued)

### 4 Staff numbers and costs (continued)

#### Staff costs

	2022 £'000	2021 £'000
Wages and salaries	2,384	2,550
Social security costs	324	293
Pension costs	433	417
	<b>3,141</b>	<b>3,260</b>

### 5 Directors' remuneration

The remuneration paid to the directors of Albany International Limited was:

	2022 £'000	2021 £'000
Emoluments (including benefits in kind) for management services	-	-

There are no retirement benefits accruing to directors under the defined benefit pension plans (2021: nil).

No remuneration or fees were paid by the company to any of its directors during this or the previous period in respect of services to the company.

### 6 Other interest receivable and similar income

	2022 £'000	2021 £'000
Other finance income (FRS 102 pensions interest) (note 12)	280	190
Interest receivable from fellow group companies	61	11
<b>Interest receivable and similar income</b>	<b>341</b>	<b>201</b>

# Albany International Limited

## Notes (continued)

### 7 Taxation

	2022 £'000	2021 £'000
<b>Total tax recognised in the profit and loss account, other comprehensive income and equity</b>		
<b>Current Tax:</b>		
UK corporation tax	(21)	39
Total current tax	(21)	39
Origination and reversal of timing differences	37	43
Adjustment in respect of previous periods	29	-
Effect of changes in tax rate	11	387
Total deferred tax (note 11)	77	430
Tax credit on profit	56	469

	£'000	2022 £'000	£'000	£'000	2021 £'000	£'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	(21)	77	56	39	430	469
Recognised in other comprehensive income	-	(1,812)	(1,812)	-	389	389
Total tax	(21)	(1,735)	(1,756)	39	819	858

#### Reconciliation of effective tax rate

	2022 £'000	2021 £'000
Profit before tax	279	253
Profit multiplied by average standard rate in the UK of 19.00% (2021: 19.00%)	53	48
Effects of:		
Expenses not deductible for tax purposes	42	39
Other tax reliefs	(57)	(5)
Adjustment from previous periods	7	-
Effects of other tax rates / credits	11	387
<b>Total tax credit for the period</b>	<b>56</b>	<b>469</b>



# Albany International Limited

## Notes (continued)

### 8 Tangible assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2022	9,541	26,945	319	357	37,162
Additions	-	47	-	1,315	1,362
Disposals	-	(1,236)	(159)	-	(1,395)
Transfers	25	124	42	(191)	-
<b>At 31 December 2022</b>	<b>9,566</b>	<b>25,880</b>	<b>202</b>	<b>1,481</b>	<b>37,129</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	4,651	24,726	270	-	29,647
Charge for year	239	533	25	-	797
Disposals	-	(1,197)	(135)	-	(1,332)
<b>At 31 December 2022</b>	<b>4,890</b>	<b>24,062</b>	<b>160</b>	<b>-</b>	<b>29,112</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>4,676</b>	<b>1,818</b>	<b>42</b>	<b>1,481</b>	<b>8,017</b>
At 31 December 2021	4,890	2,219	49	357	7,515

# Albany International Limited

## Notes (continued)

### 9 Debtors

	2022 £'000	2021 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	4,782	4,208
Other debtors	74	235
Prepayments and accrued income	156	126
	<b>5,012</b>	<b>4,569</b>

Amounts owed by group undertakings are unsecured and fluctuates during the year. They bear interest at rates linked to group finance and are due within 30 days. On advances the interest rates are SONIA – 25bps and on borrowings the interest rates are SONIA + 100bps.

### 10 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	620	285
Accruals and deferred income	649	512
	<b>1,269</b>	<b>797</b>

### 11 Provisions for liabilities and charges

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Accelerated capital allowances	(431)	(849)	-	-	(431)	(849)
Employee benefits	-	-	2,037	3,789	2,037	3,789
R&d expenditure credit	(1)	-	-	-	(1)	-
Losses	(342)	-	-	-	(342)	-
<b>Tax (assets) / liabilities</b>	<b>(774)</b>	<b>(849)</b>	<b>2,037</b>	<b>3,789</b>		
<b>Net tax liabilities</b>					<b>1,263</b>	<b>2,940</b>

# Albany International Limited

## Notes (continued)

### 12 Pension obligations

The Company operates a contributory pension scheme which is funded. Employers' contribution in 2022 amounted to £nil (2021: £nil) and provides for defined benefits for substantially all employees. The assets of the scheme are held separately from those of the company:

The most recent comprehensive actuarial valuation was carried out by the Trustees of the Plan as at 31 December 2019 for funding purpose. The company has employed Willis Towers Watson, independent actuaries, to approximately update that actuarial valuation allowing for differences between the actuarial assumptions used by the Plan for funding purposes and those adopted by the Company to measure the defined benefit obligation (DBO), as well as adjusting for benefit accrual and benefits paid from the Plan between 31 December 2016 and 31 December 2022.

<b>Net pension asset</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Defined benefit obligation	(21,959)	(33,881)
Plan assets	30,146	49,034
	<b>8,187</b>	<b>15,153</b>

<b>Movements in present value of defined benefit obligation:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
At 1 January	33,881	38,422
Interest expense	617	474
Re-measurement: actuarial gains	(11,435)	(1,144)
Disbursements	(1,104)	(3,871)
<b>At 31 December</b>	<b>21,959</b>	<b>33,881</b>

# Albany International Limited

## Notes (continued)

### 12 Pension obligations (continued)

Movements in fair value of plan assets:	2022 £'000	2021 £'000
At 1 January	49,034	53,008
Interest income	897	664
Re-measurement return on plan assets less interest income	(18,681)	(767)
Disbursements	(1,104)	(3,871)
<b>At 31 December</b>	<b>30,146</b>	<b>49,034</b>

#### Expenses recognised in the profit and loss account

Analysis of the amount charged to operating profit	2022 £'000	2021 £'000
Current service cost	-	-
Total operating (income) / charge	-	-

#### Analysis of amount charged to other finance income

Interest income on pension scheme assets	897	664
Interest on pension liabilities	(617)	(474)
Net amount included in other financial income (note 6)	280	190
<b>Total expense recognised in profit or loss</b>	<b>280</b>	<b>190</b>

The fair value of the plan assets and the return on those assets were as follows:

	Fair value at 31 December 2022 £'000 / %	Fair value at 31 December 2021 £'000 / %
Equities	0 / 0.0%	0 / 0.0%
Bonds	29,950 / 99.3%	48,825 / 99.6%
Cash	202 / 0.7%	209 / 0.4%
<b>Actual return on plan assets</b>	<b>30,152</b>	<b>49,034</b>

# Albany International Limited

## Notes (continued)

### 12 Pension obligations (continued)

The principal actuarial assumptions at the year-end were as follows:

	2022	2021
Rate of increase in salaries	2.65%	2.65%
Rate of increase for pensions in deferment	2.65%	2.65%
Rate of increase for pensions in payment	2.65%	2.65%
Discount rate	4.75%	1.85%
Inflation assumption	3.30%	3.30%
The average life expectancy in years of a member is as follows:		
Aged 65 retiring immediately (current pensioner) male-female	22.2 - 23.6	22.1 - 23.5
Aged 50 retiring at 65 (future pensioner) male-female	23.6 - 25.2	23.5 - 25.1

#### Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to the plan in the current year was £433k (2021: £417k).

### 13 Called up share capital

	2022 £'000	2021 £'000
Allocated, called up and fully paid		
6,469,630 ordinary shares of 25p each	1,617	1,617

# Albany International Limited

## Notes (continued)

### 14 Financial commitments

Non-cancellable operating lease rentals are payable as follows:

	2022 £'000	2021 £'000
Less than one year	67	39
Between one and five years	108	104
	175	143

During the year £57k was recognised as an expense in the profit and loss account in respect of operating leases (2021: £26k).

### 15 Related party transactions

The directors have taken advantage of the exemption in FRS 102 Chapter 33.1A and, as the Company is a wholly owned subsidiary of Albany International Inc., have not disclosed related party transactions with parent and fellow subsidiary undertakings.

### 16 Ultimate parent undertaking

The directors regard Albany International Corporation Inc., a company registered at 216 Airport Drive, Rochester, New Hampshire in the United States of America, as the ultimate parent company and controlling party. The directors consider this company to be the parent undertaking of the largest group that prepares consolidated financial statements of which Albany International Limited is a member. Copies of Albany International Corporation consolidated financial statements can be obtained from the Company Secretary at the address described below.

Albany International Holdings (Switzerland) AG, a Corporation registered at Schochenmühlestrasse 4, 6340 Baar in Switzerland had a 100% majority interest in the equity capital of Albany International Limited at 31 December 2022 and is therefore the immediate parent undertaking. The directors consider this company to be the parent undertaking of the smallest group that prepares consolidated financial statements of which Albany International Limited is a member. Copies of Albany International Holdings (Switzerland) AG consolidated financial statements can be obtained from Schätti, Lorenz + Partner AG, Schochenmühlestr. 4, CH-6340 Baar, Switzerland.