

ATLANTIC ZEISER LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

COMPANY REGISTRATION NUMBER 01707841



REGISTRAR'S COPY

ATLANTIC ZEISER LIMITED

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ATLANTIC ZEISER LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

T. Obitz
G. Harris

SECRETARY

J. Lomas

COMPANY NUMBER

01707841 (England and Wales)

REGISTERED OFFICE

Central Way
Walworth Industrial Estate
Andover
Hampshire
SP10 SAL

INDEPENDENT AUDITORS

Kennedy Legg
Stafford House
10 Prince of Wales Road
Dorchester
Dorset
DT1 1PW

BANKERS

Natwest Bank plc
Chantry Way
Andover
Hampshire
SP10 1LL

ATLANTIC ZEISER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of Atlantic Zeiser Limited for the financial year ended 31 December 2017. The financial statements on pages 9 to 22 have been prepared in accordance with the Companies Act 2006.

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

The Company is a private company limited by shares and is incorporated, registered and domiciled in England, number 01707841. The address of the registered office of the Company is Central Way, Walworth Industrial Estate, Andover, Hampshire, SP10 5AL

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was that of manufacture, marketing, sales and servicing of mechanical 'Impact' and computer driven 'Systems' equipment for the security printing and related industries.

BUSINESS REVIEW

Atlantic Zeiser Limited is a wholly owned subsidiary of Atlantic Zeiser GmbH and manufactures, sells and services equipment supplied to the security and printing markets. The results for the company show revenue of £ 2,803,641 (2016: £ 3,370,506) and a profit on ordinary activities before taxation of £ 38,087 (2016: £ 302,466). The reduction in profit before tax is due in part to raised personnel costs and expenses of larger sales structure, in combination with lower than expected sales revenue achieved within the same period. Dividends paid and proposed are set out in note 7. The parent company reviews performance of the company based on revenues and profit on ordinary activities before taxation on a monthly basis.

KEY PERFORMANCE INDICATORS

The parent company reviews performance of the Company based on revenues and profit on ordinary activities before taxation on a monthly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The primary risks to the business are threefold. The continued general economic climate limiting confidence for investments, the continued overcapacity in the card industry, and the ability to get a foothold in the new Pharmaceutical and Packaging markets. Whilst our Security Printing Systems, particularly Banknote, and After Sales Service business segments continue to be stable in 2017, business in the Cards and Pharmaceutical Packaging market for printing and personalising solutions, developed in Germany, have been slow to materialise. This has been due partly to the brand awareness and competitive environment for Atlantic Zeiser in this market space, coupled with the project complexities. However we continued to focus our sales and marketing resource in these markets, to include utilising a key association in the Packaging industry and increasing publicity through media and exhibition means and customer centric approaches. Many applications and opportunities remain open, particularly in the Pharmaceutical Serialisation and general Brand Protection solutions. However competition from other suppliers is strong, and understanding our differentiation remains key. These challenges remain for the Pharmaceutical and Packaging business segment, but opportunities remain favourable. The Company continues to face customer concentration risk, which it manages by maintaining strong relationships with key customers, and using customer investment plans and sales forecasts in determining the Company's own forecast performance and position. With the established and development of new print products, our customer base is expected to increase and dilute this concentration strong relationships with key customers, and using customer investment plans and sales forecasts in determining the Company's own forecast performance and position. With the established and development of new print products, our customer base is expected to increase and dilute this concentration.

FINANCIAL RISK MANAGEMENT

CURRENCY RISK

The Company has a policy to minimise foreign currency exchange rate risk through the regular monitoring of foreign currency flows, and the matching of foreign currency receipts with payments, where possible. The Company does not use derivative financial instruments to manage currency risk and as such, no hedge accounting is applied.

CREDIT RISK

The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. 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. There are no allowances recorded as at 31 December 2017. The credit risk on liquid funds is limited because cash is held at a bank with credit-ratings of BBB+ at Fitch and A3 at Moody's. The Company has a moderate concentration of credit risk, with exposure spread over a relatively small group of customers.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a short-term debt finance, which is available for fellow group companies.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

DIRECTORS

The following directors have held office since 1 January 2017 and up to the date of signing the financial statements:

T. Obitz
G. Harris

RESEARCH AND DEVELOPMENT

The parent company Atlantic Zeiser GmbH continues to invest in the development of new products and new markets.

FUTURE OUTLOOK

The market will remain competitive in 2018/19, however with the current range of new Packaging products from our parent and our activities in the Banknote and Card printing industries, we are confident to be able to maintain at least our current business level, but aligning the organisation to expect growth in the Pharmaceutical and Packaging industry segment.

Company law requires the directors to prepare financial statements for each financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements and 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.

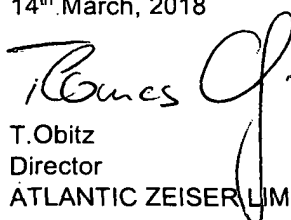
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 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 auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, Kennedy Legg Limited, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

14th March, 2018


T. Obitz
Director
ATLANTIC ZEISER LIMITED

Opinion

We have audited the financial statements of Atlantic Zeiser Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIC ZEISER LIMITED
(continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], 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.

Auditor's responsibilities for the audit of the financial statements

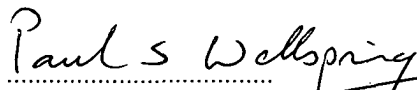
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIC ZEISER LIMITED
(continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Paul S Wellspring FCCA (Senior Statutory Auditor)
For and on behalf of Kennedy Legg, Statutory Auditor

Stafford House
10 Prince Of Wales Road
Dorchester
Dorset
DT1 1PW

Date: 14th March 2018

ATLANTIC ZEISER LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE
YEAR ENDING 31 DECEMBER 2017

	Note	2017 £	2016 £
Revenue		2,803,641	3,370,506
Cost of sales		(1,995,751)	(2,339,295)
Gross profit		807,890	1,031,211
Administrative expenses		(765,225)	(722,448)
Distribution costs		(13,583)	(11,588)
Other operating income		7,468	3,042
Operating profit	2	36,550	300,217
Finance income	3	1,537	2,249
Profit on ordinary activities before taxation		38,087	302,466
Income tax expense on ordinary activities	6	(11,533)	(64,819)
Profit after taxation and comprehensive income		26,554	237,647

All of the activities of the company are classified as continuing.

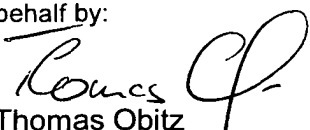
The company has no recognised gains or losses other than the results for the financial years as set out above and as such no separate Statement of Comprehensive Income.

ATLANTIC ZEISER LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Noté	2017 £	2016 £
Fixed assets			
Property, plant and equipment	8	199,674	241,956
Current assets			
Inventory	9	388,817	391,941
Trade and other receivables	10	742,411	1,345,841
Cash and cash equivalents		595,444	856,567
		1,726,672	2,594,349
Creditors: Amounts falling due within one year	12	(308,737)	(1,245,250)
Net current assets		1,417,935	1,349,099
Total assets less current liabilities		1,617,609	1,591,055
Net assets		1,617,609	1,591,055
Equity			
Ordinary shares	13	2	2
Retained earnings		1,617,607	1,591,053
Total shareholders' funds		1,617,609	1,591,055

The financial statements on pages 9 to 22, prepared in accordance with the Companies Act 2006, were approved by the board of directors on 14th March 2018 and were signed on its behalf by:


Thomas Obitz

Director
Atlantic Zeiser Limited
Registered number: 01707841

ATLANTIC ZEISER LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2017

Statement of Changes in Equity			
	Called-up share capital	Retained earnings	Total
Balance as at 1 January 2016	2	1,953,406	1,953,408
Profit for the financial year		237,647	237,647
Total comprehensive income for the year		237,647	237,647
Dividends		(600,000)	(600,000)
Total transactions with owners, recognised directly in equity		(600,000)	(600,000)
Balance as at 31 December 2016	2	1,591,053	1,591,055
Balance as at 1 January 2017	2	1,591,053	1,591,055
Profit for the financial year		26,554	26,554
Total comprehensive income for the year		26,554	26,554
Dividends		0	0
Total transactions with owners, recognised directly in equity		0	0
Balance as at 31 December 2017	2	1,617,607	1,617,609

BASIS OF PREPARATION

The financial statements of Atlantic Zeiser Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, on the going concern basis, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38 (requirement for minimum of two primary statements, including cash flow statements), (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

In addition, insofar as the consolidated financial statements of Orell Füssli Holding AG include the equivalent disclosures, the following exemptions under FRS 101 have also been taken:

- Financial instrument information required by IFRS 7, Financial Instruments: Disclosures and paragraphs 91 to 99 of IFRS 13, Fair value measurement except those which are relevant for the financial instruments which are held at fair value and are neither held as part of a trading portfolio or derivatives.

ACCOUNTING DEVELOPMENTS

Amendments to standards which have been adopted with effect from 1 January 2017 are:

Annual Improvements 2016.

No adjustments were required on the adoption of these amendments.

ATLANTIC ZEISER LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

REVENUE RECOGNITION

Revenue represents the fair value, net of Value Added Tax, of goods sold and services provided to customers net of trade discounts.

Revenue is recognised on dispatch to the customer for manufactured goods. Revenue is recognised on customer acceptance for system sales.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Long leasehold land and buildings	Straight line over 25 years
Plant and machinery	Straight line over 3 - 10 years

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Cost of raw materials is calculated on a weighted average basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position 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 Statement of Financial Position date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is measured on an undiscounted basis.

LEASES

Costs in respect of operating leases are charged to the Income Statement on a straight line basis over the lease term.

OTHER OPERATING INCOME

Other income comprises income from rental of a building and machinery that is surplus to the operating requirements of the Company. This is recognised in the Income Statement on a straight line basis.

EMPLOYEE BENEFITS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund, operated by Legal and General, Personal Pension Plan 2000 - Group scheme.

The pension costs charged in the financial statements represent the contributions payable by the Company during the financial year.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Income Statement.

TRADE AND OTHER RECEIVABLES

Trade receivables, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Trade receivables, and other receivables are measured at carrying value, less any impairment which have not incurred to date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash at bank and in hand.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(b) Inventory provisioning

The company designs, manufactures and sells mechanical 'Impact' and computer driven 'Systems' solutions for the security printing and related industries and is subject to changing regulations and industry standards. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

(c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including ageing of debtors, customer credit history and reputation in the industry.

1 Revenue

An analysis of revenue by geographical destination is given below:

	2017 £	2016 £
United Kingdom	2,087,908	2,364,267
Rest of Europe and Africa	485,739	762,387
North and South America	2,303	11,767
Rest of the world	227,691	232,085
	2,803,641	3,370,506

The origin of the company's revenue is in the United Kingdom and is derived from its principal activity of manufacture, marketing, sales and servicing of mechanical "Impact" and computer driven "Systems" equipment for the security printing and related industries.

2 Operating profit

	2017 £	2016 £
Profit on ordinary activities before taxation is stated after charging:		
Wages and salaries	713,537	678,746
Social security costs	83,101	56,706
Other pension costs	22,631	20,799
Staff costs	819,269	756,251
Depreciation of tangible assets	44,858	45,748
Operating lease rentals:		
- Plant and machinery	34,216	28,518
- Land and buildings	43,470	43,470
Auditors' remuneration		
- Fees payable for the audit	10,300	12,000
Loss on foreign exchange transactions	3,185	23,892
(Decrease) / Increase in Inventory obsolescence provision	(34,058)	3,308

ATLANTIC ZEISER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

3 Finance income

	2017	2016
	£	£
Bank interest income	200	2,249
Interest receivable from Group undertaking	1,337	0
	1,537	2,249

4 Directors' emoluments

	2017	2016
	£	£
Aggregate emoluments	80,684	71,960
Aggregate amounts paid in respect of money purchase pension schemes	2,615	2,614
	83,299	74,574

During the financial year one director (2016: one) accrued benefits under a money purchase pension scheme.

One (2016: one) of the directors considers that their services to this company are incidental to their other activities within the group. Accordingly, their emoluments are paid by the parent company, Atlantic Zeiser GmbH.

5 Employee information

	2017	2016
The monthly average number of persons (including executive directors) employed by the company during the year was:		
Production	13	13
Selling & distribution	6	6
Administration	1	1
	20	20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)**6 Income tax**

Tax expense included in profit or loss	2017 £	2016 £
Current tax		
- UK corporation tax on profits of the year	10,532	62,869
Total current tax	10,532	62,869
Deferred tax		
-Origination and reversal of timing difference (Note 11)	1,001	1,950
Total deferred tax	1,001	1,950
Taxon profit on ordinary activities	11,533	64,819

The tax assessed for the financial year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before taxation:	38,087	302,466
Profit on ordinary activities multiplied by the standard rate in the UK of 19.25% (2016: 20%)	7,332	60,493
Effects of:		
Expenses not deductible for tax purposes	4,201	4,326
Impact of tax rate change		
Tax charge	11,533	64,819

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

ATLANTIC ZEISER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

7 Dividends

An interim dividend of £ nil per the Statement of Changes in Equity (2016: 600,000) was paid in the year, equivalent to £ nil per ordinary share (2016: 100,000). The directors do not recommend the payment of a final dividend (2016: nil).

8 Property, plant and equipment

	Long leasehold land and buildings £	Plant and machinery £	Total £
Cost:			
1 January 2017	540,725	760,777	1,301,502
Additions	0	2,576	2,576
Disposals	0	0	0
31 December 2017	540,725	763,353	1,304,078
Accumulated depreciation:			
1 January 2017	454,493	605,053	1,059,546
Charge for the year	21,629	23,229	44,858
Disposals			
31 December 2017	476,122	628,282	1,104,404
Net book value:			
31 December 2017	64,603	135,071	199,674
31 December 2016	86,232	155,724	241,956

9 Inventory

	2017 £	2016 £
Raw materials and consumables	19,929	23,493
Work in progress	20,391	43,537
Finished goods	348,497	324,911
	388,817	391,941

ATLANTIC ZEISER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)**10 Trade and other receivables**

	2017 £	2016 £
Trade receivables	327,837	1,188,775
Amounts owed by group undertakings	403,707	121,490
Other receivables	10,867	35,576
	742,411	1,345,841

Amounts owed by group undertakings are unsecured and repayable on demand. Interest was charged at 2% (2016: 2%) on amounts owed by group undertakings. All trade receivables are current and within agreed credit terms. No provision for bad debts was necessary.

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2017 £	2016 £
UK pounds	738,704	1,032,547
Euros	3,707	313,294
	742,411	1,345,841

11 Deferred tax

At 1 January 2017	(287)
Deferred tax credit in the Income Statement (note 6)	(1,001)

At 31 December 2017	(1,288)
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The deferred tax liability relates to accelerated capital allowances. The deferred tax amount is expected to be realised over periods greater than 1 year.

ATLANTIC ZEISER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

12 Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	24,032	12,201
Amounts owed to group undertakings	104,106	748,570
Taxation and social security	80,113	75,642
Corporation tax	6,013	42,592
Deferred tax	1,288	287
Accruals and deferred income	93,185	365,958
	308,737	1,245,250

Amounts owed to group undertakings are unsecured, interest is charged at 2% (2016:2%); repayable on demand.

13 Ordinary shares

	2017 £	2016 £
Allotted, issued and fully paid: 2 (2016: 2) Ordinary shares of £1 each	2	2

14 Commitments under operating leases

At 31 December 2017, the company had the following minimum lease payments under non-cancellable operating leases expiring as follows:

	2017 £	2016 £
Land and buildings > 5 years	4,289,040	4,332,510
Land and buildings 2-5 years	173,880	173,880
Land and buildings <1 year	43,470	43,470
Total land and Buildings	4,506,390	4,549,860
Plant and machinery 2-5 years	0	32,400
Plant and machinery <1 year	12,795	19,294
Total Plant and machinery	12,795	51,694
Total commitments under operating leases	4,519,185	4,601,554

The land and buildings commitment relate to a property lease that expires on 31 August 2121.

ATLANTIC ZEISER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

15 Pension commitments

	2017 £	2016 £
Contributions payable by the Company for the financial year	22,631	20,799

There are no accruals or prepayments for pension contributions at 31 December 2017 (2016: £ nil).

16 Controlling party

The immediate parent company is Atlantic Zeiser GmbH, a company registered in Germany, which owns 100% of the ordinary share capital of Atlantic Zeiser Limited and is the smallest group to consolidate these financial statements.

Atlantic Zeiser GmbH prepares group financial statements and copies can be obtained from - Bogenstrasse 6-8, D-78576, Emmingen, Germany.

The ultimate parent undertaking and controlling party is Orell Füssli Holding AG., a company registered in Switzerland, which owns 100% of shares in Atlantic Zeiser GmbH and is the largest group to consolidate these financial statements.

Orell Füssli Holding AG. prepares group financial statements and copies can be obtained from - Dietzinerstrasse 3, CH-8036, Zurich, Switzerland.

A handwritten signature in black ink, appearing to read 'Roes Cf.', is located below the text of the controlling party section.