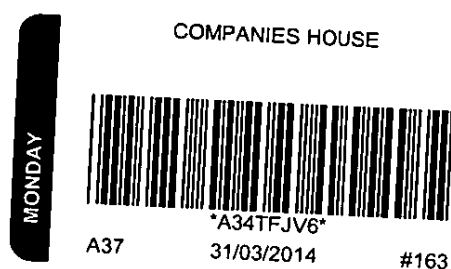


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**HARLAND SIMON PLC**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**



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## **HARLAND SIMON PLC**

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### **COMPANY INFORMATION**

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**DIRECTORS**

R J Ashman  
K Smith  
V L Ranyard  
R S Watson  
J Staiano

**COMPANY SECRETARY**

K Smith

**REGISTERED NUMBER**

02733439

**REGISTERED OFFICE**

Bond Avenue  
Bletchley  
Milton Keynes  
Bucks  
MK1 1TJ

**INDEPENDENT AUDITOR**

Hillier Hopkins LLP  
Chartered Accountants & Statutory Auditor  
Norfolk House  
82 Saxon Gate West  
Milton Keynes  
MK9 2DL

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## HARLAND SIMON PLC

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<b>Company detailed profit and loss account and summaries</b>	<b>26 - 29</b>

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## HARLAND SIMON PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### BUSINESS REVIEW

The results for the year and financial position of the company are as shown in the annexed financial statements

Turnover for the year was slightly down on 2012 at £5 534 million, however the Gross Profit percentage was down from 36% to 29%, resulting in an operating loss of £392,000

Trading conditions were difficult during the year resulting in a lower level of order intake than that previously experienced accompanied by additional pressure on sales margins

Order intake improved considerably during the first half of 2013/14, and that combined with an aggressive cost reduction strategy should ensure the company returns to profitable trading by the end of the year

	Turnover £ million	Gross profit £ million	Gross profit margin %
2013	5 534	1 592	29
2012	5 710	2 038	36
2011	6 382	1 635	26
2010	6 755	1 712	25
2009	5 171	1 673	32
2008	5 154	1 704	33

#### PRINCIPAL RISKS AND UNCERTAINTIES

The group has sufficient resources to fulfill customer requirements and bank facilities in place. Rigid management control systems ensure that overheads are kept to a minimum and cashflow is under constant review

The company undertakes regular reviews of its health and safety policy to ensure the welfare and safety of its employees and others affected by the company's activities. Working practices ensure minimal impact on any waste on the environment

This report was approved by the board on 27 March 2014 and signed on its behalf



.....  
R J Ashman  
Director

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## HARLAND SIMON PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2013

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The directors present their report and the financial statements for the year ended 30 September 2013

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £391,460 (2012 - loss £36,311)

No dividends will be distributed for the year ended 30 September 2013

#### DIRECTORS

The directors who served during the year were

R J Ashman  
K Smith  
V L Ranyard  
R S Watson  
J Staiano

#### POLITICAL CONTRIBUTIONS

The company made a charitable donation of £nil (2012 £2,000) during the year

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**HARLAND SIMON PLC**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**FUTURE DEVELOPMENTS**

We continue to enhance and develop our existing products in order to ensure that our customers have the most up to date technology to achieve their goals

During 2012/13 we decided to abandon our efforts to develop in the UAE as this market was not producing sufficient return and concentrate our development activity in the RFID market place and our Warehouse Tracking systems, where we see considerable opportunities in the future

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The company has continued to undertake research and development to make use of the latest technology in its systems and equipment. All research expenditure in the year has been charged in full to the profit and loss account. Where the directors are satisfied as to the technical, commercial and financial viability of certain projects, then the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit.

**DISCLOSURE OF INFORMATION TO AUDITOR**

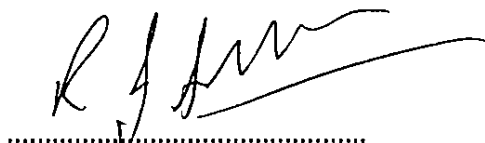
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information

**AUDITOR**

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006

This report was approved by the board and signed on its behalf



.....  
**R J Ashman**  
Director

Date 27/03/14

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## **HARLAND SIMON PLC**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARLAND SIMON PLC**

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We have audited the financial statements of Harland Simon Plc for the year ended 30 September 2013, set out on pages 6 to 25. 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, 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 group's and the parent 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 Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2013 and of the group's loss 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**HARLAND SIMON PLC**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARLAND SIMON PLC**

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**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

*Hillier Hopkins LLP*

Neal Carter ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants

Statutory Auditor

Norfolk House

82 Saxon Gate West

Milton Keynes

MK9 2DL

Date *27/03/14*



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**HARLAND SIMON PLC**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	<b>5,533,787</b>	<b>5,709,577</b>
Cost of sales		<u>(3,836,226)</u>	<u>(3,598,101)</u>
<b>GROSS PROFIT</b>		<b>1,697,561</b>	<b>2,111,476</b>
Administrative expenses		<u>(2,145,753)</u>	<u>(2,178,989)</u>
Other operating income	3	<u>55,911</u>	<u>53,421</u>
<b>OPERATING LOSS</b>	4	<b>(392,281)</b>	<b>(14,092)</b>
Share of operating (loss)/profit in associates		<u>(11,918)</u>	<u>94</u>
<b>TOTAL OPERATING LOSS</b>		<b>(404,199)</b>	<b>(13,998)</b>
Interest receivable and similar income		<u>1,811</u>	<u>3,365</u>
Interest payable and similar charges	8	<u>(3,451)</u>	<u>(3,316)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(405,839)</b>	<b>(13,949)</b>
Tax on loss on ordinary activities	9	<u>14,379</u>	<u>(22,362)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	19	<u><b>(391,460)</b></u>	<u><b>(36,311)</b></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 10 to 25 form part of these financial statements

**HARLAND SIMON PLC**  
**REGISTERED NUMBER: 02733439**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	10		465,882		417,085
Tangible assets	11		23,539		34,473
Investments in associates	12		-		11,918
			<u>489,421</u>		<u>463,476</u>
<b>CURRENT ASSETS</b>					
Stocks	13	638,821		777,948	
Debtors	14	784,653		1,144,584	
Cash at bank and in hand		34,522		768,926	
		<u>1,457,996</u>		<u>2,691,458</u>	
<b>CREDITORS</b> amounts falling due within one year	15	(1,862,000)		(2,668,119)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(404,004)</u>		<u>23,339</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>85,417</u>		<u>486,815</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	17		-		(9,938)
<b>NET ASSETS</b>			<u>85,417</u>		<u>476,877</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		260,002		260,002
Profit and loss account	19		(174,585)		216,875
<b>SHAREHOLDERS' FUNDS</b>	20		<u>85,417</u>		<u>476,877</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
.....  
**R J Ashman**  
Director

  
.....  
**K Smith**  
Director

Date 27/03/14

The notes on pages 10 to 25 form part of these financial statements

**HARLAND SIMON PLC**  
**REGISTERED NUMBER: 02733439**

**COMPANY BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	10		465,882		417,085
Tangible assets	11		23,539		34,473
Investments	12		597		16,135
			<u>490,018</u>		<u>467,693</u>
<b>CURRENT ASSETS</b>					
Stocks	13	638,821		777,948	
Debtors	14	1,087,055		1,468,536	
Cash at bank and in hand		1,456		705,750	
		<u>1,727,332</u>		<u>2,952,234</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(1,859,753)</u>		<u>(2,665,253)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(132,421)</u>		<u>286,981</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>357,597</u>		<u>754,674</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	17		-		(9,938)
<b>NET ASSETS</b>			<u><u>357,597</u></u>		<u><u>744,736</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		260,002		260,002
Profit and loss account	19		97,595		484,734
<b>SHAREHOLDERS' FUNDS</b>	20		<u><u>357,597</u></u>		<u><u>744,736</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
**R J Ashman**  
 Director

  
**K Smith**  
 Director

Date 27/03/14

The notes on pages 10 to 25 form part of these financial statements

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**HARLAND SIMON PLC**

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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	Note	2013 £	2012 £
Net cash flow from operating activities	21	(832,923)	659,143
Returns on investments and servicing of finance	22	(1,640)	49
Taxation		(2,966)	1,163
Capital expenditure and financial investment	22	(248,656)	(350,265)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(1,086,185)</u>	<u>310,090</u>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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	2013 £	2012 £
(Decrease)/Increase in cash in the year	(1,086,185)	310,090
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	(1,086,185)	310,090
Net funds at 1 October 2012	768,926	458,836
<b>NET (DEBT)/FUNDS AT 30 SEPTEMBER 2013</b>	<u>(317,259)</u>	<u>768,926</u>

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The notes on pages 10 to 25 form part of these financial statements

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## HARLAND SIMON PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### **1 ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities as shown on the balance sheet. The company has full and continuing support from its shareholders

##### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of Harland Simon Plc and all of its subsidiary undertakings ('subsidiaries'). The associated company has been accounted for using the net equity method

##### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue from service contracts is recognised evenly over the period of the contract. Revenue from sales of products is recognised on delivery of the goods. Revenue from the sales of systems is recognised on a stage of completion basis. Where amounts invoiced exceed turnover, the excess is shown as a payment on account. The amount by which turnover exceeds amounts invoiced is shown as an amount recoverable on contracts

##### **1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	33% on cost
Fixtures & fittings	-	33% on cost
Improvements to property	-	33% on cost

##### **1.6 Revaluation of tangible fixed assets**

As permitted by the transitional provisions of FRS 15, the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 30 September 1993 and will not update that valuation

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Investments**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Associated undertakings**  
Investments in associates are stated at the amount of the company's share of net assets. The Profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

**1.8 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.9 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress on long term contracts is stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account.

Long term contract costs are represented by materials and direct labour.

Operating profit includes attributable profit on long term contracts. The attributable profit to date is based on the stage of completion of each project and the estimated outcome. Turnover is determined by the stage of completion of the project as calculated by appropriate employees. The amount by which turnover exceeds payments on account is shown separately as 'Amounts recoverable on contracts'.

**1.10 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

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## HARLAND SIMON PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### 1.12 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account

##### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### 2. TURNOVER

The whole of the turnover is attributable to the principal activities of the company

A geographical analysis of turnover is as follows

	2013 £	2012 £
United Kingdom	2,133,497	2,685,178
Rest of European Union	412,521	582,785
Rest of world	2,987,769	2,441,614
	<u>5,533,787</u>	<u>5,709,577</u>

Further segmental information has not been disclosed as in the opinion of the directors, it would be seriously prejudicial to the interests of the company

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**HARLAND SIMON PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**3. OTHER OPERATING INCOME**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Management income	<b>12,492</b>	<b>11,496</b>
Rents receivable	<b>41,940</b>	<b>39,600</b>
Sundry income	<b>1,479</b>	<b>2,325</b>
	<b>55,911</b>	<b>53,421</b>

**4. OPERATING LOSS**

The operating loss is stated after charging

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets		
- owned by the group	<b>25,350</b>	<b>26,245</b>
Operating lease rentals		
- other	<b>105,685</b>	<b>107,830</b>
- buildings	<b>77,384</b>	<b>69,346</b>
Difference on foreign exchange	<b>(20,237)</b>	<b>(2,363)</b>
Research and development expenditure written off	<b>185,676</b>	<b>298,268</b>

**5 AUDITORS' REMUNERATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>9,900</b>	<b>10,525</b>
Fees payable to the company's auditor and its associates in respect of		
Taxation compliance services	<b>2,600</b>	<b>2,600</b>
All other non-audit services not included above	<b>2,010</b>	<b>2,268</b>



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## HARLAND SIMON PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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#### 6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	2,571,612	3,553,214
Social security costs	297,017	300,811
Other pension costs	109,679	106,734
	<u>2,978,308</u>	<u>3,960,759</u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No	2012 No
Production and engineering	24	24
Installations, sales & distribution	26	27
Administration	8	7
	<u>58</u>	<u>58</u>

#### 7. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>401,570</u>	<u>542,898</u>
Company pension contributions to defined contribution pension schemes	<u>14,739</u>	<u>14,282</u>

During the year retirement benefits were accruing to 3 directors (2012 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £126,220 (2012 - £169,202)

#### 8. INTEREST PAYABLE

	2013 £	2012 £
On bank loans and overdrafts	<u>3,451</u>	<u>3,316</u>

**HARLAND SIMON PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**9. TAXATION**

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
Adjustments in respect of prior periods	-	12
	<u>          </u>	<u>          </u>
<b>Deferred tax</b> (see note 16)		
Origination and reversal of timing differences	(14,379)	22,350
	<u>          </u>	<u>          </u>
<b>Tax on loss on ordinary activities</b>	<u>(14,379)</u>	<u>22,362</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 20% (2012 - 20%) The differences are explained below

	2013 £	2012 £
Loss on ordinary activities before tax	(405,839)	(13,949)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	(81,168)	(2,809)
<b>Effects of.</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(35,278)	2,472
Capital allowances for year in excess of depreciation	72	(1,965)
Utilisation of tax losses	-	2,302
Adjustments to tax charge in respect of prior periods	-	12
Unrelieved tax losses carried forward	116,374	-
	<u>          </u>	<u>          </u>
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>12</u>

**Factors that may affect future tax charges**

The group has accumulated losses of £1,070,180 (2012 £598,196) available to offset against future trading profits. No deferred tax asset has been provided for part of these losses equating to £184,036 (2012 £119,639) because of the uncertainty as to when this asset will be realised.

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

10 INTANGIBLE FIXED ASSETS

	Development costs £	Goodwill £	Total £
<b>Group</b>			
<b>Cost</b>			
At 1 October 2012	2,891,584	3	2,891,587
Additions	234,240	-	234,240
At 30 September 2013	3,125,824	3	3,125,827
<b>Amortisation</b>			
At 1 October 2012	2,474,499	3	2,474,502
Charge for the year	185,443	-	185,443
At 30 September 2013	2,659,942	3	2,659,945
<b>Net book value</b>			
At 30 September 2013	465,882	-	465,882
At 30 September 2012	417,085	-	417,085
<b>Company</b>			
<b>Cost</b>			
At 1 October 2012	2,891,584	3	2,891,587
Additions	234,240	-	234,240
At 30 September 2013	3,125,824	3	3,125,827
<b>Amortisation</b>			
At 1 October 2012	2,474,499	3	2,474,502
Charge for the year	185,443	-	185,443
At 30 September 2013	2,659,942	3	2,659,945
<b>Net book value</b>			
At 30 September 2013	465,882	-	465,882
At 30 September 2012	417,085	-	417,085

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

11 TANGIBLE FIXED ASSETS

Group	Plant & machinery £	Fixtures & fittings £	Improvements to property £	Total £
<b>Cost or valuation</b>				
At 1 October 2012	827,328	242,131	67,224	1,136,683
Additions	14,418	-	-	14,418
Disposals	(746,678)	-	-	(746,678)
At 30 September 2013	95,068	242,131	67,224	404,423
<b>Depreciation</b>				
At 1 October 2012	794,235	242,131	65,844	1,102,210
Charge for the year	24,165	-	1,185	25,350
On disposals	(746,676)	-	-	(746,676)
At 30 September 2013	71,724	242,131	67,029	380,884
<b>Net book value</b>				
At 30 September 2013	23,344	-	195	23,539
At 30 September 2012	33,093	-	1,380	34,473

Company	Plant & machinery £	Fixtures & fittings £	Improvements to property £	Total £
<b>Cost or valuation</b>				
At 1 October 2012	827,328	242,131	67,224	1,136,683
Additions	14,418	-	-	14,418
Disposals	(746,678)	-	-	(746,678)
At 30 September 2013	95,068	242,131	67,224	404,423
<b>Depreciation</b>				
At 1 October 2012	794,235	242,131	65,844	1,102,210
Charge for the year	24,165	-	1,185	25,350
On disposals	(746,676)	-	-	(746,676)
At 30 September 2013	71,724	242,131	67,029	380,884
<b>Net book value</b>				
At 30 September 2013	23,344	-	195	23,539
At 30 September 2012	33,093	-	1,380	34,473

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**HARLAND SIMON PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**12 FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Investments in associates £</b>
<b>Cost or valuation</b>	
At 1 October 2012 and 30 September 2013	<b>11,918</b>
<b>Impairment</b>	
At 1 October 2012	-
Charge for the year	<b>11,918</b>
At 30 September 2013	<b>11,918</b>
<b>Net book value</b>	
At 30 September 2013	-
<i>At 30 September 2012</i>	<i>11,918</i>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Harland Simon Process Controls Limited	Ordinary £1	100 %
H S Technology Inc	Common \$1	100 %
Primasolve Systems Limited	Ordinary £1	100 %

<b>Name</b>	<b>Business</b>	<b>Registered office</b>
Harland Simon Process Controls Limited	Supply and distribution of process control systems - dormant since 30/03/99	
H S Technology Inc	Supply and distribution of control systems	United States of America
Primasolve Systems Limited	Supply and distribution of management info systems -dormant since 30/09/06	

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**HARLAND SIMON PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**12 FIXED ASSET INVESTMENTS (continued)**

**Participating interests**

The following associate accounted for in excess of 25% of the group's gross assets, gross liabilities, turnover or (on a three year average) operating results

**Harland Simon Trading (Gulf) LLC**

	2013 £	2012 £
<b>Share of turnover</b>	<b>846</b>	<b>6,639</b>
Share of profit before tax	(11,918)	94
Share of taxation	-	-
<b>Share of profit after tax</b>	<b>(11,918)</b>	<b>94</b>
<b>Share of assets</b>		
Current assets	-	20,422
<b>Share of liabilities</b>		
Due within one year or less	-	(8,504)
<b>Share of net assets</b>	<b>-</b>	<b>11,918</b>

There was a loan between Harland Simon plc and Harland Simon Trading (Gulf) LLC and the balance as at 30 September 2013 is £nil (2012 £17,355) This was repaid during the year

Company	Investments in subsidiary companies £	Investments in associates £	Total £
<b>Cost or valuation</b>			
At 1 October 2012 and 30 September 2013	44,598	15,538	60,136
<b>Impairment</b>			
At 1 October 2012	44,001	-	44,001
Charge for the year	-	15,538	15,538
At 30 September 2013	44,001	15,538	59,539
<b>Net book value</b>			
At 30 September 2013	597	-	597
At 30 September 2012	597	15,538	16,135

**HARLAND SIMON PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**13 STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stocks	<b>389,647</b>	<b>431,390</b>	<b>389,647</b>	<b>431,390</b>
Work in progress	<b>249,174</b>	<b>346,558</b>	<b>249,174</b>	<b>346,558</b>
	<b>638,821</b>	<b>777,948</b>	<b>638,821</b>	<b>777,948</b>

**14 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>440,460</b>	<b>902,760</b>	<b>440,460</b>	<b>902,760</b>
Amounts owed by group undertakings	-	-	<b>302,402</b>	<b>323,952</b>
Amounts owed by undertakings in which the company has a participating interest	-	<b>17,355</b>	-	<b>17,355</b>
Other debtors	<b>3,965</b>	-	<b>3,965</b>	-
Prepayments and accrued income	<b>81,882</b>	<b>101,112</b>	<b>81,882</b>	<b>101,112</b>
Amounts recoverable on long term contracts	<b>218,324</b>	<b>97,714</b>	<b>218,324</b>	<b>97,714</b>
Deferred tax asset (see note 16)	<b>40,022</b>	<b>25,643</b>	<b>40,022</b>	<b>25,643</b>
	<b>784,653</b>	<b>1,144,584</b>	<b>1,087,055</b>	<b>1,468,536</b>

**15 CREDITORS:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>351,781</b>	-	<b>351,781</b>	-
Payments received on account	<b>734,523</b>	<b>1,375,109</b>	<b>734,523</b>	<b>1,375,109</b>
Trade creditors	<b>345,523</b>	<b>506,844</b>	<b>345,523</b>	<b>506,844</b>
Other taxation and social security	<b>78,077</b>	<b>93,186</b>	<b>78,077</b>	<b>93,186</b>
Other creditors	<b>27,728</b>	<b>25,764</b>	<b>25,480</b>	<b>22,897</b>
Accruals and deferred income	<b>324,368</b>	<b>667,216</b>	<b>324,369</b>	<b>667,217</b>
	<b>1,862,000</b>	<b>2,668,119</b>	<b>1,859,753</b>	<b>2,665,253</b>

All the assets of the company are subject to a debenture and legal charge in favour of the company bankers

**HARLAND SIMON PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. DEFERRED TAX ASSET**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	<b>25,643</b>	47,993	<b>25,643</b>	47,993
Released during/(charge for) the year (P&L)	<b>14,379</b>	(22,350)	<b>14,379</b>	(22,350)
At end of year	<b>40,022</b>	25,643	<b>40,022</b>	25,643

The deferred tax asset is made up as follows

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>4,926</b>	4,853	<b>4,926</b>	4,853
Tax losses carried forward	<b>30,000</b>	20,000	<b>30,000</b>	20,000
Other timing differences	<b>5,096</b>	790	<b>5,096</b>	790
	<b>40,022</b>	25,643	<b>40,022</b>	25,643

**17. PROVISIONS**

<b>Group</b>	<b>Warranty provision £</b>
At 1 October 2012	<b>9,938</b>
Amounts used	<b>(9,938)</b>
At 30 September 2013	-

**Warranty provision**

The provision for product warranties relates to expected warranty claims on products sold in the last year. It was expected that most of this expenditure will be incurred in the next financial year and that all will be incurred within 2 years of the balance sheet date, but this has become a minimal amount.



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HARLAND SIMON PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013

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17 PROVISIONS (continued)

	Warranty provision £
<b>Company</b>	
At 1 October 2012	9,938
Amounts used	(9,938)
	<hr/>
At 30 September 2013	-
	<hr/>

**Warranty provision**

The provision for product warranties relates to expected warranty claims on products sold in the last year. It was expected that most of this expenditure will be incurred in the next financial year and that all will be incurred within 2 years of the balance sheet date, but this has become a minimal amount.

18 SHARE CAPITAL

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
26,000,200 Ordinary shares of £0.01 each	260,002	260,002
	<hr/>	<hr/>

19 RESERVES

	Profit and loss account £
<b>Group</b>	
At 1 October 2012	216,875
Loss for the financial year	(391,460)
	<hr/>
At 30 September 2013	(174,585)
	<hr/>
<b>Company</b>	
At 1 October 2012	484,734
Loss for the financial year	(387,139)
	<hr/>
At 30 September 2013	97,595
	<hr/>

**HARLAND SIMON PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
<b>Group</b>		
Opening shareholders' funds	476,877	513,188
Loss for the financial year	(391,460)	(36,311)
	<u>85,417</u>	<u>476,877</u>
Closing shareholders' funds	<u>85,417</u>	<u>476,877</u>
	2013 £	2012 £
<b>Company</b>		
Opening shareholders' funds	744,736	500,815
(Loss)/profit for the financial year	(387,139)	243,921
	<u>357,597</u>	<u>744,736</u>
Closing shareholders' funds	<u>357,597</u>	<u>744,736</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The (loss)/profit for the year dealt with in the accounts of the company was £387,139 (2012 - £243,921)

**21 NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating loss	(392,281)	(14,092)
Amortisation of intangible fixed assets	185,443	330,427
Depreciation of tangible fixed assets	25,350	26,245
Decrease/(increase) in stocks	139,126	(291,230)
Decrease/(increase) in debtors	359,922	(316,166)
Decrease in amounts owed by associates	17,355	-
(Decrease)/increase in creditors	(1,157,900)	924,021
Decrease in provisions	(9,938)	(62)
	<u>(832,923)</u>	<u>659,143</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(832,923)</u>	<u>659,143</u>

**22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,811	3,365
Interest paid	(3,451)	(3,316)
	<u>(1,640)</u>	<u>49</u>
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<u>(1,640)</u>	<u>49</u>

**HARLAND SIMON PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2013 £	2012 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(234,240)	(327,971)
Purchase of tangible fixed assets	(14,418)	(22,294)
Sale of tangible fixed assets	2	-
<b>Net cash outflow from capital expenditure</b>	<u>(248,656)</u>	<u>(350,265)</u>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 October 2012 £	Cash flow £	Other non-cash changes £	30 September 2013 £
Cash at bank and in hand	768,926	(734,404)	-	34,522
Bank overdraft	-	(351,781)	-	(351,781)
<b>Net funds</b>	<u>768,926</u>	<u>(1,086,185)</u>	<u>-</u>	<u>(317,259)</u>

**24. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme, the assets of which are held in an independently administered fund. The pension cost charge represents contributions payable by the group and the company and amounted to £109,679 (2012 £106,735). Contributions totalling £25,480 (2012 £22,493) were payable at the year end and are included in other creditors for the company and group.

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**HARLAND SIMON PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

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**25 OPERATING LEASE COMMITMENTS**

At 30 September 2013 the group had annual commitments under non-cancellable operating leases as follows

<b>Group</b>	<b>Land and buildings</b>		<b>2013</b>	<b>Other</b>
	<b>2013</b>	<b>2012</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	<b>59,759</b>	<b>59,493</b>	<b>16,301</b>	<b>15,405</b>
Between 2 and 5 years	-	-	<b>117,334</b>	<b>65,628</b>
After more than 5 years	<b>90,000</b>	<b>127,500</b>	-	-

At 30 September 2013 the company had annual commitments under non-cancellable operating leases as follows

<b>Company</b>	<b>Land and buildings</b>		<b>2013</b>	<b>Other</b>
	<b>2013</b>	<b>2012</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	<b>16,301</b>	<b>15,405</b>
Between 2 and 5 years	-	-	<b>117,334</b>	<b>65,628</b>
After more than 5 years	<b>90,000</b>	<b>127,500</b>	-	-

**26 RELATED PARTY TRANSACTIONS**

Harland Simon UPS Limited is a company owned and controlled by the majority shareholders of Harland Simon plc. During the year, the value of rent received from Harland Simon UPS Limited was £41,940 (2012 £39,600), management income £12,492 (2012 £11,496) and expenditure recharged £10,886 (2012 £10,219). As at the balance sheet date the company owed £nil to Harland Simon UPS Limited (2012 £nil).

**27 CONTROLLING PARTY**

The ultimate controlling parties are Mr R J Ashman and Mrs E J J Ashman who jointly control a majority of the shares of Harland Simon plc.