
HARLAND SIMON PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

THURSDAY



A60U89C0

A19

23/02/2017

#153

COMPANIES HOUSE

HARLAND SIMON PLC

COMPANY INFORMATION

Directors

K Smith
R S Watson
J Staiano
E J J Ashman
S C Withers

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
Chancery House
199 Silbury Boulevard
Milton Keynes
MK9 1JL

HARLAND SIMON PLC

CONTENTS

	Page
Group strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Consolidated statement of income and retained earnings	6
Consolidated statement of financial position	7
Company statement of financial position	8
Consolidated Statement of cash flows	9
Notes to the financial statements	10 - 28

HARLAND SIMON PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

Introduction

The directors present their report and the financial statements for the year ended 30 September 2016.

Business review

The principal activities of the group in the year under review were those of design, manufacture and installation of drive control systems, process control systems, and the associated management information systems, for the newspaper printing industry and the paper manufacturing industries.

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

Turnover for the year was slightly up on 2015, at £6.474 million and gross profit increased to 38%, resulting in a profit for the year of £303,963 compared to the previous year of £242,983.

Although trading conditions remained difficult in a number of our markets the North American market continued to be a major part of our business.

Although 2016/2017 started slowly the signs are that it could be our best year for along time as business in all our areas of activity is looking promising.

	Turnover £ million	Gross profit £ million	Gross profit margin %
2016	6.474	2.441	38
2015	6.418	2.328	36
2014	5.579	1.640	29

Principal risks and uncertainties

The Directors are acutely aware that newsprint is slowly declining in some of our markets, however we are committed to providing our customers with innovative and economical solutions to ensure their existing hardware continues to produce a quality product.

The group has sufficient financial resources and bank facilities in place to fund the developing business and rigid management control systems ensure that overheads are kept to a minimum and cashflow is under constant review.

The group 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 the environment.

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



R S Watson
Director

Date:

16/2/2017

HARLAND SIMON PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the financial statements for the year ended 30 September 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements 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 profit for the year, after taxation, amounted to £303,963 (2015 - £242,983).

No dividends will be distributed for the year ended 30 September 2016 (2015 - £nil).

Directors

The directors who served during the year were:

K Smith
R S Watson
J Staiano
E J J Ashman
S C Withers

Future developments

In order to support the long term future of the group we have made considerable investment in the track and trace market. This investment is beginning to make a small but significant contribution to the business.

HARLAND SIMON PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

Research and development activities

The group 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 group 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the 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.


Post balance sheet events

There have been no significant events affecting the Group since the year end.

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 S Watson
Director

Date: 16/2/2017

HARLAND SIMON PLC

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

We have audited the financial statements of Harland Simon Plc for the year ended 30 September 2016, set out on pages 6 to 28. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 2, 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 Financial Reporting Council'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 2016 and of the Group's profit or 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 those financial statements.

HARLAND SIMON PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARLAND SIMON PLC
(CONTINUED)

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.

Neillier Hopkins LLP

Neal Carter ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants

Statutory Auditor

Chancery House

199 Silbury Boulevard

Milton Keynes

MK9 1JL

Date: 21.2.17

HARLAND SIMON PLC

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	6,473,830	6,417,799
Cost of sales		(4,032,831)	(4,090,214)
Gross profit		2,440,999	2,327,585
Administrative expenses		(2,188,634)	(2,191,105)
Other operating income	5	54,547	58,351
Operating profit	6	306,912	194,831
Interest receivable and similar income	10	-	28
Interest payable and expenses	11	(2,668)	(3,202)
Profit before tax		304,244	191,657
Tax on profit	12	(281)	51,326
Profit after tax		303,963	242,983
Retained earnings at the beginning of the year		892	(242,091)
Profit for the year attributable to the owners of the parent		303,963	242,983
Retained earnings at the end of the year		304,855	892
Non-controlling interest at the end of the year			


The notes on pages 10 to 28 form part of these financial statements.

HARLAND SIMON PLC
REGISTERED NUMBER: 02733439

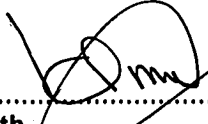
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	410,661	374,265
Tangible assets	15	30,175	25,629
		<u>440,836</u>	<u>399,894</u>
Current assets			
Stocks	17	432,564	645,261
Debtors: amounts falling due within one year	18	653,239	993,033
Cash at bank and in hand	19	382,099	187,672
		<u>1,467,902</u>	<u>1,825,966</u>
Creditors: amounts falling due within one year	20	(1,343,881)	(1,964,966)
Net current assets/(liabilities)		<u>124,021</u>	<u>(139,000)</u>
Net assets		<u><u>564,857</u></u>	<u><u>260,894</u></u>
Capital and reserves			
Called up share capital	23	260,002	260,002
Profit and loss account	24	304,855	892
		<u><u>564,857</u></u>	<u><u>260,894</u></u>

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


.....
R S Watson
Director

16/2/2017


.....
K Smith
Director


The notes on pages 10 to 28 form part of these financial statements.

HARLAND SIMON PLC
REGISTERED NUMBER: 02733439

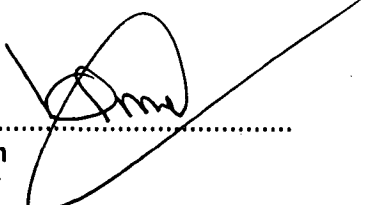
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	410,660	374,265
Tangible assets	15	30,175	25,629
Investments	16	597	597
		<u>441,432</u>	<u>400,491</u>
Current assets			
Stocks	17	432,564	645,261
Debtors: amounts falling due within one year	18	912,022	1,281,986
Cash at bank and in hand	19	340,568	177,034
		<u>1,685,154</u>	<u>2,104,281</u>
Creditors: amounts falling due within one year	20	(1,339,644)	(1,962,656)
Net current assets		<u>345,510</u>	<u>141,625</u>
Net assets		<u><u>786,942</u></u>	<u><u>542,116</u></u>
Capital and reserves			
Called up share capital	23	260,002	260,002
Profit and loss account	24	526,940	282,114
		<u><u>786,942</u></u>	<u><u>542,116</u></u>

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



R S Watson
 Director



K Smith
 Director

Date: 16/2/2017

HARLAND SIMON PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	303,963	242,983
Adjustments for:		
Amortisation of intangible assets	209,307	183,740
Depreciation of tangible assets	13,128	11,876
Interest paid	2,668	3,202
Interest received	-	(28)
Taxation charge	281	(51,326)
Decrease/(increase) in stocks	212,696	(186,040)
Decrease in debtors	358,090	230,986
(Decrease) in creditors	(623,022)	(272,741)
Corporation tax (paid)/received	(16,639)	49,700
Net cash generated from operating activities	460,472	212,352
Cash flows from investing activities		
Purchase of intangible fixed assets	(245,703)	(162,134)
Purchase of tangible fixed assets	(21,243)	(24,548)
Sale of tangible fixed assets	3,569	-
Interest received	-	28
Net cash from investing activities	(263,377)	(186,654)
Cash flows from financing activities		
Interest paid	(2,668)	(3,202)
Net cash used in financing activities	(2,668)	(3,202)
Net increase in cash and cash equivalents	194,427	22,496
Cash and cash equivalents at beginning of year	187,672	165,176
Cash and cash equivalents at the end of year	382,099	187,672
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	382,099	187,672

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. General information

Harland Simon plc is a members limited liability company incorporated in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.10 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Finance costs

Finance costs are charged to the Consolidated statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of income and retained earnings 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

4. Turnover

The whole of the turnover is attributable to the principal activity of the company. 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.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	1,758,044	1,102,578
Rest of Europe	198,018	721,361
Rest of the world	4,517,768	4,593,860
	<u>6,473,830</u>	<u>6,417,799</u>

5. Other operating income

	2016 £	2015 £
Other operating income	7,914	14,669
Net rents receivable	46,524	41,940
Sundry income	109	1,742
	<u>54,547</u>	<u>58,351</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	13,128	11,876
Amortisation of intangible assets, including goodwill	209,307	183,740
Exchange differences	110,531	(32,583)
Defined contribution pension cost	<u>301,356</u>	<u>217,212</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	14,595	13,595
Fees payable to the Group's auditor and its associates in respect of:		
All other services	15,010	11,768

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,710,559	2,704,763
Social security costs	277,103	282,798
Cost of defined contribution scheme	301,356	217,212
	3,289,018	3,204,773

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

	2016 No.	2015 No.
Production and engineering	21	22
Installations, sales & distribution	21	22
Administration	8	8
	50	52

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	492,722	466,984
Company contributions to defined contribution pension schemes	68,119	41,441
	<u>560,841</u>	<u>508,425</u>

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £192,998 (2015 - £151,009).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,659 (2015 - £4,526).

The directors, who have the authority and responsibility of planning, directing and controlling the activities of the company, are considered to be the key management.

10. Interest receivable

	2016 £	2015 £
Other interest receivable	-	28
	<u>-</u>	<u>28</u>

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	2,668	3,202
	<u>2,668</u>	<u>3,202</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	1,938	(37,381)
Adjustments in respect of previous periods	16,647	(9,362)
Total current tax	18,585	(46,743)
Deferred tax		
Origination and reversal of timing differences	(18,304)	(4,583)
Total deferred tax	(18,304)	(4,583)
Taxation on profit/(loss) on ordinary activities	281	(51,326)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	304,244	191,657
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	60,849	38,331
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,207	20,752
Capital allowances for year in excess of depreciation	15,136	(711)
Utilisation of tax losses	(16,021)	-
Adjustments to tax charge in respect of prior periods	16,647	(9,362)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(43,767)	(37,381)
Unrelieved tax losses carried forward	(21,943)	(16,600)
Unrelieved loss on foreign subsidiaries	(11,827)	(16,563)
Other differences leading to an increase (decrease) in the tax charge	-	(29,792)
Total tax charge for the year	281	(51,326)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

12. Taxation (continued)

Factors that may affect future tax charges

The group has accumulated losses of £939,975 (2015 - £1,079,219) available to offset against future trading profits. No deferred tax asset has been provided for part of these losses equating to £115,845 (2015 - £169,244) because of the uncertainty as to when this asset will be realised.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements. The profit after tax of the parent Company for the year was £244,824 (2015 - £160,166).

14. Intangible assets

Group

	Development costs £	Goodwill £	Total £
Cost			
At 1 October 2015	1,171,667	3	1,171,670
Additions	245,703	-	245,703
At 30 September 2016	1,417,370	3	1,417,373
Amortisation			
At 1 October 2015	797,403	3	797,406
Charge for the year	209,307	-	209,307
At 30 September 2016	1,006,710	3	1,006,713
Net book value			
At 30 September 2016	410,660	-	410,660
At 30 September 2015	374,265	-	374,265

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

14. Intangible assets (continued)

Company

	Development costs £	Goodwill £	Total £
Cost			
At 1 October 2015	1,171,667	3	1,171,670
Additions	245,703	-	245,703
At 30 September 2016	1,417,370	3	1,417,373
Amortisation			
At 1 October 2015	797,403	3	797,406
Charge for the year	209,307	-	209,307
At 30 September 2016	1,006,710	3	1,006,713
Net book value			
At 30 September 2016	410,660	-	410,660
At 30 September 2015	374,265	-	374,265

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

15. Tangible fixed assets

Group

	Plant & machinery £	Fixtures & fittings £	Improvements to property £	Total £
Cost or valuation				
At 1 October 2015	63,157	242,131	67,224	372,512
Additions	21,243	-	-	21,243
Disposals	(3,569)	-	-	(3,569)
At 30 September 2016	80,831	242,131	67,224	390,186
Depreciation				
At 1 October 2015	37,528	242,131	67,224	346,883
Charge for the period on owned assets	13,128	-	-	13,128
At 30 September 2016	50,656	242,131	67,224	360,011
Net book value				
At 30 September 2016	30,175	-	-	30,175
At 30 September 2015	25,629	-	-	25,629

HARLAND SIMON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

15. Tangible fixed assets (continued)

Company

	Plant & machinery £	Fixtures & fittings £	Improvements to property £	Total £
Cost or valuation				
At 1 October 2015	63,157	242,131	67,224	372,512
Additions	21,243	-	-	21,243
Disposals	(3,569)	-	-	(3,569)
At 30 September 2016	<u>80,831</u>	<u>242,131</u>	<u>67,224</u>	<u>390,186</u>
Depreciation				
At 1 October 2015	37,528	242,131	67,224	346,883
Charge for the period on owned assets	13,128	-	-	13,128
At 30 September 2016	<u>50,656</u>	<u>242,131</u>	<u>67,224</u>	<u>360,011</u>
Net book value				
At 30 September 2016	<u>30,175</u>	<u>-</u>	<u>-</u>	<u>30,175</u>
At 30 September 2015	<u>25,629</u>	<u>-</u>	<u>-</u>	<u>25,629</u>

HARLAND SIMON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

16. Fixed asset investments

Group

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2015 and 30 September 2016	44,001
Impairment	
At 1 October 2015 and 30 September 2016	44,001
	<hr/>
At 30 September 2015 and 30 September 2016	<hr/> - <hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
H.S Technology Inc	USA	Common \$1	100 %	Supply and distribution of control systems

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2015 and at 30 September 2016	44,598
Impairment	
At 1 October 2015 and at 30 September 2016	44,001
	<hr/>
Net book value	
At 30 September 2015 and 30 September 2016	<hr/> 597 <hr/>

HARLAND SIMON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

17. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	342,829	333,488	342,829	333,488
Work in progress (goods to be sold)	89,735	311,773	89,735	311,773
	432,564	645,261	432,564	645,261

18. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	397,155	426,999	397,155	426,999
Amounts owed by group undertakings	-	-	258,783	288,953
Other debtors	307	37,297	307	37,297
Prepayments and accrued income	74,275	121,625	74,275	121,625
Amounts recoverable on long term contracts	109,147	353,061	109,147	353,061
Deferred taxation	72,355	54,051	72,355	54,051
	653,239	993,033	912,022	1,281,986

19. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	382,099	187,672	340,568	177,034

HARLAND SIMON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

20. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Payments received on account	736,466	801,881	736,466	801,881
Trade creditors	150,615	496,674	150,615	496,674
Corporation tax	1,938	-	1,938	-
Other taxation and social security	74,483	69,363	74,483	69,363
Other creditors	28,306	29,242	25,612	26,932
Accruals and deferred income	352,073	567,806	350,530	567,806
	1,343,881	1,964,966	1,339,644	1,962,656

21. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	397,461	464,296	656,244	753,249
Financial liabilities				
Financial liabilities measured at amortised cost	(505,380)	(1,066,790)	(501,145)	(1,064,481)

Financial assets measured at amortised cost comprise of trade debtors, group balances and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

22. Deferred taxation

Group and Company

	2016 £	2015 £
At beginning of year	54,051	49,468
Charged to the profit or loss	18,304	4,583
At end of year	72,355	54,051

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(1,310)	2,065
Tax losses carried forward	68,542	46,600
Other timing differences	5,123	5,386
	72,355	54,051

23. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
26,000,200 Ordinary shares of £0.01 each	260,002	260,002

24. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

25. 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 company and amounted to £301,356 (2015 - £217,212). Contributions totaling £25,614 (2015 - £26,931) were payable at the year end and are included in creditors.

HARLAND SIMON PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

26. Commitments under operating leases

At 30 September 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Land and buildings				
Not later than 1 year	111,428	102,993	90,000	90,000
Later than 1 year and not later than 5 years	360,000	360,000	360,000	360,000
Later than 5 years	180,000	270,000	180,000	270,000
	<u>651,428</u>	<u>732,993</u>	<u>630,000</u>	<u>720,000</u>

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other				
Not later than 1 year	48,782	63,797	48,782	63,797
Later than 1 year and not later than 5 years	42,409	36,226	42,409	36,226
	<u>91,191</u>	<u>100,023</u>	<u>91,191</u>	<u>100,023</u>

27. 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 £46,524 (2015 - £41,940), management income £7,914 (2015 - £14,669). During the year the company paid Harland Simon UPS £742 (2015 - £5,873) for use of a car.

As at the balance sheet date the company was owed by Harland Simon UPS Limited £nil (2015 - £15,452).

28. Controlling party

During the year the ultimate controlling party was Mrs E J J Ashman.

29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

HARLAND SIMON PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**
