Financial Statements
The TALL Group of Companies Limited

For the year ended 31 December 2016

Registered number: 06548791

Company Information

Directors	P G Andrew W S D Lamb P D Long M J Ruda
Company secretary	W S D Lamb
Registered number	06548791
Registered office	Unit 2 Pembroke Court Manor Park Runcorn Cheshire WA7 1TJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

Contents

Directors' Report
For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the the Directors' report, the Group Strategic 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.

Directors

The directors who served during the year were:

P G Andrew
W S D Lamb
P D Long
M J Ruda

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.

Directors' Report (continued)
For the year ended 31 December 2016

Post balance sheet events

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 May 2017 and signed on its behalf.

W S D Lamb
Secretary

Strategic Report

For the year ended 31 December 2016

Business review

The directors consider the overall performance of the Group to be satisfactory.

The group profit for the year, after taxation, amounted to £974,774 (2015: £309,172).

Sales revenues increased, partly due to the strength of international activity, and the full year contribution of DLRT Ltd, to £13,311,301 (2015: £10,521,694). The advent of cheque truncation, both in the UK and a number of international markets, provides additional opportunities for the Group's technology enabled products and services.

Cash management across the Group is constantly monitored, and this enables the Group to take advantage of positive net balances where required.

Results and dividends

The profit for the year, after exceptional costs, interest and taxation amounted to £974,774 (2015: £309,172).
A dividend of £225,000 (2015: £180,000) was recommended by the directors.

Group Strategic Report

For the year ended 31 December 2016

Principal risks and uncertainties

The Group uses financial instruments, which include a bank overdraft, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

Liquidity risk

The Group seeks to manage financial risk by ensuring liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved by an overdraft facility.

Interest rate risk

The Group finances its operations through a mixture of retained profits and a bank overdraft. The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2016 is shown below. The table includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

	Interest rate			
	Fixed	**Floating**	**Zero**	**Total**
	£	£	£	£
Financial Assets				
Cash	-	1,124,569	-	1,124,569
Trade debtors	-	-	1,181,446	1,181,446
	-	**1,124,569**	**1,181,446**	**2,306,015**
Financial liabilities				
Finance leases and hire purchase contracts	677,064	-	-	677,064
Trade creditors	-	-	584,669	584,669
Bank loan and overdraft	-	1,947,845	-	1,947,845
	677,064	**1,947,845**	**584,669**	**3,209,578**

Credit risk

The Group's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Group Strategic Report

For the year ended 31 December 2016

Financial key performance indicators

Financial overview

Revenue increased in 2016 to £13,311,301 (2015: £10,521,694). The gross profit increased to £7,286,277 (2015: £5,255,694). Operating costs of £6,036,502 in 2016 compared with £4,818,824 in 2015. The profit before tax in 2016 amounted to £1,184,724 compared to £386,387 in 2015.

Cash management

Close attention to credit control and supply chain management ensures optimum cash flows across the group.

Capital expenditure

The directors constantly monitor the requirements to invest in, upgrade or replace machinery and equipment in order to maintain efficient production operations across the Group.

Other key performance indicators

Accreditations, training and development

The Group maintains accreditations to ISO 27001, ISO 9001, ISO 14001, Cyber Essentials Plus and the Investors in People standard and ensures all its people review performance and participate in relevant training and development activities.

Future prospects

The directors maintain a continuing positive outlook for the prospects of the Group.

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

M J Ruda
Director

Date: 10 May 2017

GrantThornton

Independent Auditor's Report to the Members of The TALL Group of Companies Limited

We have audited the financial statements of The TALL Group of Companies Limited for the year ended 31 December 2016, which comprise the consolidated Statement of Comprehensive Income, the consolidated and Company Balance sheets, the consolidated and Company Statement of Changes in Equity, the consolidated Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law 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 1, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2016 and of the Group's 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.

Grant Thornton

Independent Auditor's Report to the Members of The TALL Group of Companies Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of our knowledge and understanding of the group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

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.

Grant Thornton UK LLP

Emma Stoddart (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Chartered Accountants
Manchester

10 May 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	13,311,301	10,521,694
Cost of sales		(6,025,024)	(5,265,730)
Gross profit		7,286,277	5,255,964
Administrative expenses		(5,402,056)	(4,183,949)
Group management expenses		(634,446)	(634,875)
Operating profit	3	1,249,775	437,140
Interest payable and expenses	6	(65,051)	(50,753)
Profit before taxation		1,184,724	386,387
Tax on profit	7	(209,950)	(77,215)
Profit for the year		974,774	309,172
Total comprehensive income for the year		974,774	309,172
Profit for the year attributable to:			
Owners of the parent Company		974,774	309,172

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	9		578,207		697,302
Tangible assets	11		1,733,502		1,788,497
			2,311,709		2,485,799
Current assets					
Stocks	13	1,118,796		1,154,026	
Debtors: amounts falling due within one year	14	1,817,029		1,406,746	
Cash at bank and in hand		1,051,506		1,124,569	
		3,987,331		3,685,341	
Creditors: amounts falling due within one year	15	(2,657,828)		(2,860,779)	
Net current assets			1,329,503		824,562
Total assets less current liabilities			3,641,212		3,310,361
Creditors: amounts falling due after more than one year	16		(1,271,189)		(1,647,392)
Provisions for liabilities					
Deferred taxation	20	(76,931)		(44,651)	
Other provisions	21	-		(75,000)	
			(76,931)		(119,651)
Net assets			2,293,092		1,543,318
Capital and reserves					
Called up share capital	23		194,924		194,924
Capital redemption reserve	22		85,076		85,076
Merger reserve	22		(1,310,530)		(1,310,530)
Profit and loss account	22		3,323,622		2,573,848
			2,293,092		1,543,318

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2017.

WSD Lamb

W S D Lamb
Director

The notes on pages 15 to 35 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2016

	Note		2016 £		2015 £
Fixed assets					
Investments	12		3,013,532		3,051,858
			3,013,532		3,051,858
Current assets					
Debtors: amounts falling due within one year	14	38,326		30,115	
Cash at bank and in hand		5,754		2,931	
		44,080		33,046	
Creditors: amounts falling due within one year	15	(2,046,406)		(1,827,503)	
Net current liabilities			(2,002,326)		(1,794,457)
Total assets less current liabilities			1,011,206		1,257,401
Creditors: amounts falling due after more than one year	16		(628,383)		(877,401)
Net assets			382,823		380,000
Capital and reserves					
Called up share capital	23		194,924		194,924
Capital redemption reserve	22		85,076		85,076
Profit and loss account	22		102,823		100,000
			382,823		380,000

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 May 2017.

W S D Lamb
Director

The company's profit after tax for the year was £227,823 (2015: £280,000)

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	194,924	85,076	(1,310,530)	2,573,848	1,543,318
Comprehensive income for the year					
Profit for the year	-	-	-	974,774	974,774
Other comprehensive income for the year	-	-	-	-	-
Dividends: Equity capital	-	-	-	(225,000)	(225,000)
At 31 December 2016	194,924	85,076	(1,310,530)	3,323,622	2,293,092

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Called up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	194,924	85,076	(1,310,530)	2,444,676	1,414,146
Comprehensive income for the year					
Profit for the year	-	-	-	309,172	309,172
Other comprehensive income for the year	-	-	-	-	-
Dividends: Equity capital	-	-	-	(180,000)	(180,000)
At 31 December 2015	194,924	85,076	(1,310,530)	2,573,848	1,543,318

The notes on pages 15 to 35 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	194,924	85,076	100,000	380,000
Comprehensive income for the year				
Profit for the year	-	-	227,823	227,823
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	227,823	227,823
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(225,000)	(225,000)
Total transactions with owners	-	-	(225,000)	(225,000)
At 31 December 2016	194,924	85,076	102,823	382,823

Company Statement of Changes in Equity

For the year ended 31 December 2015

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	194,924	85,076	-	280,000
Comprehensive income for the year				
Profit for the year	-	-	280,000	280,000
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	280,000	280,000
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(180,000)	(180,000)
Total transactions with owners	-	-	(180,000)	(180,000)
At 31 December 2015	194,924	85,076	100,000	380,000

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	974,774	309,172
Adjustments for:		
Amortisation of intangible assets	80,769	62,947
Depreciation of tangible assets	283,050	258,774
Loss on disposal of tangible assets	-	(17,288)
Interest paid	65,051	50,753
Taxation charge	209,950	71,327
Decrease/(increase) in stocks	35,230	(85,010)
(Increase)/decrease in debtors	(410,283)	559,700
Increase/(decrease) in creditors	87,000	(275,110)
(Decrease)/increase in provisions	(75,000)	75,000
Corporation tax (paid)/received	(37,470)	-
Net cash generated from operating activities	1,213,071	1,010,265

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from investing activities		
Refund of purchase consideration	38,326	-
Purchase of tangible fixed assets	(228,055)	(715,919)
Sale of tangible fixed assets	-	18,200
Purchase of fixed asset investments	-	(1,307,944)
Net cash from investing activities	(189,729)	(2,005,663)
Cash flows from financing activities		
New secured loans	-	1,125,327
Repayment of loans	(284,113)	-
Repayment of/new finance leases	(111,555)	371,490
Dividends paid	(225,000)	(180,000)
Interest paid	(65,051)	(50,753)
Net cash used in financing activities	(685,719)	1,266,064
Net increase in cash and cash equivalents	337,623	270,666
Cash and cash equivalents at beginning of year	682,090	411,424
Cash and cash equivalents at the end of year	1,019,713	682,090
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,051,506	1,124,569
Bank overdrafts	(31,793)	(442,479)
	1,019,713	682,090

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies

1.1 Company information

The TALL Group of Companies Limited is a company incorporated in the UK and its registered office is Unit 2 Pembroke Court, Manor Park, Runcorn, Cheshire, WA7 1TJ. The Group's principal activity is the provision of secure print and electronic payment solutions. The principal activity of the company is that of a holding company.

1.2 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 United Kingdom and the Republic of Ireland and the Companies Act 2006.

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 Company's accounting policies.

The following principal accounting policies have been applied:

1.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed 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 Balance sheet, 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 comprehensive income 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.

Notes to the Financial Statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.4 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the forseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The group currently meets its day to day working capital requirements through its cash balances, a bank overdraft and a bank loan.

The directors have prepared and reviewed cash flow forecasts for the period ending 12 months from the date of approval of these financial statements, which they consider to be achievable given the current levels of trading. These forecasts indicate (taking into account reasonable possible changes in trading performance) that the group should be able to operate within the level of its existing facilities.

On the basis of their assessment of the group's financial position, the directors have a reasonable expectation that the group will be able to continue in operational and trading existence for the forseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include:

- stock provision
- bad debt provision
- depreciation charged to tangible fixed assets
- amortisation charged to intangible fixed assets

1.6 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.

Turnover is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Turnover on the sale of goods is recognised on dispatch. Turnover on service sales is recognised at the point that services are delivered with any difference between the date of delivery and invoicing being accounted for as accrued or deferred income at the period end.

Notes to the Financial Statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other 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 ten years.

Amortisation is provided on the following bases:

Goodwill	-	10 % Straight line

1.8 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Freehold property	- 50 years
Plant and machinery	- 2 - 10 years
Motor vehicles	- 5 years
Fixtures and fittings	- 10 years
Computer equipment	- 5 years

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 comprehensive income.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest rate method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

1.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.11 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 weighted average basis.

At each balance sheet 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.

1.12 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.

1.13 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 31 December 2016

1. Accounting policies (continued)

1.14 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 Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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.

1.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.17 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 comprehensive income 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.

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.18 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

1.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

1.20 Group management expenses

Group management expenses relates to Group directors remuneration charges for the year recharged to group entities.

Notes to the Financial Statements

For the year ended 31 December 2016

2. Turnover

An analysis of turnover by class of business is as follows:

	2016	2015
	£	£
Sale of goods and services	13,311,301	10,521,694

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	9,487,362	8,934,716
Rest of Europe	536,426	803,429
Rest of the world	3,287,513	783,549
	13,311,301	10,521,694

3. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets - owned by the group	140,981	164,816
Depreciation of tangible fixed assets - held under finance lease	142,069	93,958
Amortisation of intangible assets, including goodwill	80,769	62,947
Operating lease charge	278,647	282,566
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	28,875	28,901
Fees payable to the Group's auditor and its associates in respect of other services relating to taxation	11,965	8,580
Exchange differences	(5,281)	(26,247)
Defined contribution pension cost	128,750	119,258

Notes to the Financial Statements

For the year ended 31 December 2016

4. Employees

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

	2016 £	2015 £
Wages and salaries	4,048,981	3,578,631
Social security costs	401,664	344,277
Cost of defined contribution scheme	128,750	119,258
	4,579,395	4,042,166

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

	2016 No.	2015 No.
Production	93	97
Administration	57	57
	150	154

5. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	553,594	550,715
Company contributions to defined contribution pension schemes	22,081	21,776
	575,675	572,491

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 £149,506 (2015 - £146,491).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,563 (2015 - £5,454).

Notes to the Financial Statements
For the year ended 31 December 2016

6. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	42,699	32,118
Finance leases and hire purchase contracts	22,352	18,635
	65,051	50,753

7. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	178,996	35,805
Adjustments in respect of previous periods	(1,125)	-
	177,871	35,805
Total current tax	177,871	35,805
Deferred tax		
Origination and reversal of timing differences	32,079	41,410
Total deferred tax	32,079	41,410
Taxation on profit on ordinary activities	209,950	77,215

Notes to the Financial Statements

For the year ended 31 December 2016

7. Taxation (continued)

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	**1,184,724**	**386,387**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	**236,945**	**77,277**
Effects of:		
Expenses not deductible for tax purposes	**14,047**	**82,530**
Adjustments to tax charge in respect of prior periods	**(1,125)**	**131**
Additional deduction for research and development expenditure	**(39,103)**	**4,847**
Foreign transactions	**-**	**(170)**
Impact of change in rate	**(814)**	**(6,040)**
Marginal relief	**-**	**(233)**
RDEC 2014	**-**	**(23,940)**
Deferred tax not recognised	**-**	**(57,187)**
Total tax charge for the year	**209,950**	**77,215**

Factors that may affect future tax charges

Reductions in the UK corporate tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

8. Dividends

	2016 £	2015 £
Final dividend of 115p (2015: 92p) per share	**225,000**	**180,000**

Notes to the Financial Statements

For the year ended 31 December 2016

9. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2016	774,661
Change in purchase consideration	(38,326)
At 31 December 2016	736,335
Amortisation	
At 1 January 2016	77,359
Charge for the year	80,769
At 31 December 2016	158,128
Net book value	
At 31 December 2016	578,207
At 31 December 2015	697,302

The disposal during the year relates to a reduction in the consideration paid for the acquisition of DLRT Limited in the prior year, following the recovery of this amount from the previous owner of the company.

10. 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 comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £227,823 (2015: £280,000).

Notes to the Financial Statements

For the year ended 31 December 2016

11. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 January 2016	676,049	263,863	5,093,580	163,369	1,598,884	7,795,745
Additions	-	-	189,211	-	38,844	228,055
Disposals	-	-	(23,000)	-	-	(23,000)
At 31 December 2016	676,049	263,863	5,259,791	163,369	1,637,728	8,000,800
Depreciation						
At 1 January 2016	188,355	263,749	4,129,661	42,820	1,382,663	6,007,248
Charge for the period on owned assets	11,968	114	177,288	27,971	65,709	283,050
Disposals	-	-	(23,000)	-	-	(23,000)
At 31 December 2016	200,323	263,863	4,283,949	70,791	1,448,372	6,267,298
Net book value						
At 31 December 2016	475,726	-	975,842	92,578	189,356	1,733,502
At 31 December 2015	487,694	114	963,919	120,549	216,221	1,788,497

Tangible fixed assets with a carrying value of £1,733,502 (2015: £1,788,497) are pledged as security against the bank loan of the group's controlling party The TALL Group of Companies Limited.

Included within the net book value of £1,733,502 (2015: £1,788,7497) are assets under finance leases with a net book value of £868,354 (2015: £866,092). Depreciation charged to the financial statements in the year in respect of such assets amounted to £142,069 (2015: £93,958). No tangible fixed assets are held by the company.

12. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
TALL Security Print Limited	£1 ordinary shares	100 %	Production of specialist cheques

Notes to the Financial Statements
For the year ended 31 December 2016

12. Fixed asset investments (continued)

Checkprint Limited	£1 ordinary shares	100%	Production of specialist cheques
DLRT Limited	£1 ordinary shares	100%	Production of specialist cheques

Name	Country of registration
TALL Security Print Limited	UK
Checkprint Limited	UK
DLRT Limited	Northern Ireland

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
TALL Security Print Limited	1,836,852	315,373
Checkprint Limited	1,527,373	402,409
DLRT Limited	1,174,037	304,044
	4,538,262	1,021,826

Company

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 January 2016	3,051,858
Change in purchase consideration	(38,326)
At 31 December 2016	3,013,532
Net book value	
At 31 December 2016	3,013,532
At 31 December 2015	3,051,858

Notes to the Financial Statements

For the year ended 31 December 2016

13. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	997,865	1,018,423	-	-
Work in progress	71,387	60,626	-	-
Finished goods and goods for resale	49,544	74,977	-	-
	1,118,796	1,154,026	-	-

Stock recognised in cost of sales during the year as an expense was £2,308,979 (2015: £2,296,083).

An impairment loss of £117,956 (2015: £131,517) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,636,039	1,181,446	-	-
Amounts owed by group undertakings	-	-	38,326	30,115
Other debtors	51,184	62,592	-	-
Prepayments and accrued income	129,806	162,708	-	-
	1,817,029	1,406,746	38,326	30,115

An impairment loss of £nil (2015: £1,807) was recognised against trade debtors.

The total carrying amount of trade debtors is pledged as security for the Group's bank loans.

Notes to the Financial Statements

For the year ended 31 December 2016

15. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	31,793	442,479	-	-
Bank loans	318,193	317,216	282,095	282,095
Trade creditors	842,681	584,669	-	-
Amounts owed to group undertakings	-	-	1,764,311	1,545,408
Corporation tax	176,006	35,805	-	-
Other taxation and social security	359,918	384,443	-	-
Obligations under finance lease and hire purchase contracts	197,380	217,822	-	-
Other creditors	30,738	55,760	-	-
Accruals and deferred income	701,119	822,585	-	-
	2,657,828	2,860,779	2,046,406	1,827,503

The bank loan is secured by charges on the freehold property, and by fixed and floating charges over the assets of all group undertakings.

The finance leases are secured on the assets to which they relate.

16. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	903,060	1,188,150	628,383	877,401
Net obligations under finance leases and hire purchase contracts	368,129	459,242	-	-
	1,271,189	1,647,392	628,383	877,401

Notes to the Financial Statements

For the year ended 31 December 2016

17. Loans

The bank loan is secured by charges on the freehold property, and by fixed and floating charges over the assets of all group undertakings.

The finance leases are secured on the assets to which they relate.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	318,193	317,216	282,095	282,095
	318,193	317,216	282,095	282,095
Amounts falling due 1-2 years				
Bank loans	319,199	320,465	282,095	282,095
	319,199	320,465	282,095	282,095
Amounts falling due 2-5 years				
Bank loans	463,915	709,748	346,288	595,306
	463,915	709,748	346,288	595,306
Amounts falling due after more than 5 years				
Bank loans	119,946	157,937	-	-
	119,946	157,937	-	-
	1,221,253	1,505,366	910,478	1,159,496

Notes to the Financial Statements
For the year ended 31 December 2016

18. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets measured at amortised cost	2,738,729	2,531,315	44,080	33,046
	2,738,729	2,531,315	44,080	33,046
Financial liabilities				
Financial liabilities measured at amortised cost	2,827,225	3,355,099	2,674,789	2,704,904
	2,827,225	3,355,099	2,674,789	2,704,904

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and amounts due by group undertakings.

Financial Liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, accruals and amounts due to group undertakings.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £
Within one year	197,380	217,822
Between 1-2 years	172,084	181,840
Between 2-5 years	196,045	277,402
	565,509	677,064

Notes to the Financial Statements
For the year ended 31 December 2016

20. Deferred taxation

Group

	2016 £	2015 £
At 1 January 2016	(44,651)	(9,129)
Charged to the profit or loss	(32,280)	(35,522)
At 31 December 2016	(76,931)	(44,651)

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £
Fixed asset timing differences	(75,862)	(77,232)
Short term iming differences	(1,069)	6,894
Losses and other deductions	-	25,687

21. Provisions

Group

	Other provisions £
At 1 January 2016	75,000
Utilised in year	(75,000)
At 31 December 2016	-

Provisions brought forward relate to a claim against a subsidiary company and associated costs. The claim was settled in the year.

Notes to the Financial Statements

For the year ended 31 December 2016

22. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Capital redemption reserve - represents amounts which have arisen on the redemption or repurchase of shares.

Merger reserve - represents the difference between the consideration paid in a merger and the fair value of the assets transferred.

Profit and loss account - the profit and loss account includes all current and prior period retained profits and losses.

23. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
194,924 Ordinary shares of £1 each	**194,924**	**194,924**

Notes to the Financial Statements
For the year ended 31 December 2016

24. Business combinations

Acquisition of DLRS (N.I.) Limited

On 19 May 2015, The TALL Group of Companies Limited acquired 100% of the ordinary share capital of DLRS (N.I.) Limited.

	Book value £	Fair value £
Tangible fixed assets	210,020	210,020
Stocks	307,490	307,490
Debtors	517,152	517,152
Cash at bank and in hand	93,585	93,585
Total assets acquired	1,128,247	1,128,247
Trade and other creditors	(430,138)	(430,138)
Fair value of net assets acquired	698,109	698,109
Goodwill arising on consolidation	703,341	703,341
Purchase consideration	1,401,450	1,401,450
Satisfied by cash	1,401,450	1,401,450
Total purchase consideration	1,401,450	1,401,450

25. Contingent liabilities

The company has entered into a cross guarantee with its subsidiaries, TALL Security Print Limited, Checkprint Limited and DLRS (N.I.) Limited. The maximum liability that would be due on this at 31 December 2016 was £1,036,430 (2015: £1,947,845).

Notes to the Financial Statements
For the year ended 31 December 2016

26. Capital commitments

At 31 December 2016 the group had capital commitments of £16,064 (2015: £40,973).

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £128,780 (2015: £134,825). Contributions totalling £nil (2014: £NIL) were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Land and Building Leases		
Not later than 1 year	210,558	232,496
Later than 1 year and not later than 5 years	389,950	585,745
	600,508	818,241

	Group 2016 £	Group 2015 £
Other Operating Leases		
Not later than 1 year	40,991	31,293
Later than 1 year and not later than 5 years	52,046	46,789
	93,037	78,082

29. Related party transactions

The company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings where the company is a 100% subsidiary, as group accounts are prepared.