

APG Cash Drawer Limited
(formerly Cash Bases Limited)

Report and Financial Statements

For the Year Ended 31 December 2016

Company Number 01562459

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APG Cash Drawer Limited

**Report and financial statements
for the year ended 31 December 2016**

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Directors

M Olson
M Davies
T Polzin
B Smith

Secretary and registered office

G I Gray, Unit 4, The Drove, Newhaven, East Sussex BN9 0LA

Company number

01562459

Auditors

RSM UK Audit LLP, 3rd Floor, Portland, 25 High Street, Crawley, West Sussex, RH10 1BG

APG Cash Drawer Limited

Strategic report for the year ended 31 December 2016

The directors present the strategic report and financial statements for the period ended 31 December 2016.

Fair review of the business

On 28th August 2015 APG Cash Drawer UK Ltd acquired all of the shares of Cash Bases Group Ltd ("Cash Bases"), the holding company of APG Cash Drawer Limited (formerly Cash Bases Ltd). APG Cash Drawer UK Ltd is a 100% held subsidiary of APG Cash Drawer LLC ("APG"), a Minnesota USA based company. In July 2017, the name of Cash Bases Ltd was officially changed to APG Cash Drawer Ltd.

The addition of the Cash Bases operations expanded APG's presence in the Europe, Middle East and Africa ("EMEA") region through new customers, new products and new operating capabilities. With APG being a leading provider of cash drawer products and accessories in the US cash management sector and Cash Bases holding a similar position in EMEA, the combined entity increases the group's global reach to key world markets and can provide better service and support to customers.

Overall, the combined operations provide an opportunity for APG to:

- Be better placed to serve customers with a wider product range on a global basis.
- Expand on the company's **SMART**ill technology more effectively into the USA and Canada markets.
- Implement best practices from each operation's business model to improve overall business efficiencies.
- Create more demand for products and continue to give customers exactly what they need in correlation to when they need it.

A new Vision Statement "To Globally Enhance Efficiency and Security at the Point of Sale" was established in 2016 by the joined management to underpin the new group's drive to continue to grow the combined business globally.

Activities in 2016 were focused on several areas, including:

- Continued integration of operating systems to allow for seamless support to the existing and previous Cash Bases customers and employees;
- Unification of company cultures that encourages collaboration and succeeding together;
- Enhancing production efficiencies and capabilities through the implementation of new equipment, new process and product line simplification;
- Generation of **SMART**ill technology pilots and integration through strong ROI modeling, building on the successful integration into Tesco's large format stores;
- Core product support for existing and new business opportunities;
- A reduction of the company's labour resources was completed in September 2016 following a detailed review of capacity and operational needs to support the current and future anticipated business volume. The financial impact to the company for the redundancy is noted in the accompanying financial statements;
- Transitioning of top leadership roles and responsibilities that began in late 2016 and continued into early 2017 which resulted in changes to the company's Managing Director and Sales Director.

While sales of **SMART**ill products in 2016 were minimal, the company believes in the technology and the value it can bring to a retailer through reduced cash losses, improved efficiencies and stronger cash management. Investments in resources continue to support **SMART**ill technology and the company anticipates significant growth from this product line over the next few years.

Core cash drawer business in 2016 was off slightly from prior year business as it is believed retailers were cautious with investing due to the uncertainty leading up to the Brexit vote and concerns with the vote outcome following it.

Cash Bases results in 2016 were negatively impacted by the decline in value of Sterling against the Euro directly related to the Brexit decision. While the company realised moderate benefits in currency conversion from sales in Euro, these gains were offset by significant losses on foreign currency hedging contracts entered into by the previous management that were both realised and unrealised obligations.

APG believes that the strength in joining of these two companies will come from integrating our sales and manufacturing teams so we can earn the privilege of being our customer's **BEST** choice, as well as **PREFERRED** choice, for cash management products at the point-of-sale.

Monitoring and managing risk

The financial risk management objectives and policies of APG and its consolidated subsidiaries are to insure against those risks that are outside the management control of the company. For those risks within the control of management, we:

- evaluate new customer credit worthiness via external resources;
- monitor customer and vendor financial conditions through internal and external resources to identify potential risks in the supply chain or in the collection of receivables.

While the company currently has certain foreign currency hedging contracts in place, it is anticipated that any future currency protection measures will only be used to minimize risk related to specific transactions where the total risk to the company known. Given the company size, management does not intend to hedge against normal currency trading fluctuations in the current currencies the company trades in.

Key performance indicators

Cash Bases monitors certain performance metrics for the business that include those listed below. This is not an all-inclusive list of metrics tracked:

	2015	2016
Revenue Growth	N/A	-5.4%
Gross Profit %	18.9%	27.1%
EBITDA (before exceptional items) %	-20.1%	-1.3%

Revenue growth represents the last four months of 2016 following the acquisition of the Cash Bases group by APG, compared to the four-month trading period in 2015. The end of 2016 was a weaker period for sales for the business, however 2017 started much stronger resulting in year on year growth so far in 2017.

Gross Profit % has improved in 2016 in part due to the impact of the redundancy noted previously. We expect the improvement to continue as we benefit from the full year impact of the changes we have made, and see the added benefit of revenue growth this year increasing volumes through the factory.

EBITDA % before exceptional items has improved significantly over the period, with higher volumes coming through so far in 2017 and with the full year impact of the labour rebalancing exercise we expect a positive result for 2017.

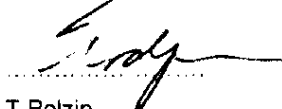
Future developments

APG is excited with the growth and business improvement opportunities in front of the company.

The release of **SMARTtill** v2 products is expected in 2017 and will significantly reduce the time needed to calculate the value of currency in the till. This product enhancement will reduce the transaction time between the retailer and their customer and will potentially improve the ROI. The interest in **SMARTtill** technology continues to be strong in both EMEA and the US as evidenced by trade show interest level and other customer interactions.

Cash Bases will continue efforts that focus on reducing the lead-time of products to customers. In late 2016, the company made a significant investment in a large metal forming machine that was delivered in early 2017. This technology has been used with great success in APG's US operation and is expected to play a significant role in helping the EMEA operations reduce production times for various products. This, combined with other key process enhancements, is expected to improve the company's efficiencies over the next 12-24 months.

By order of the board



T Polzin

Director

September 28, 2017

APG Cash Drawer Limited
(formerly Cash Bases Limited)

Report of the directors
for the year ended 31 December 2016

The directors present their Annual Report together with the audited financial statements for the year ended 31 December 2016.

On 10 July 2017, a resolution was passed by the board to change the name of the company from Cash Bases Limited to APG Cash Drawer Limited.

Principal activities

The principal activity of the company continued to be that of the manufacture and sale of cash drawers for use in the retail and banking industries.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P J Elliff	(resigned 30 January 2017)
P S Hobday	(resigned 27 September 2016)
P J Stone	(resigned 30 January 2017)
S W Roys	(resigned 30 January 2017)
M Olson	(appointed 30 January 2017)
M Davies	(appointed 30 January 2017)
T Polzin	(appointed 30 January 2017)
B Smith	(appointed 30 January 2017)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £211,265. The directors do not recommend payment of a further dividend.

Auditor

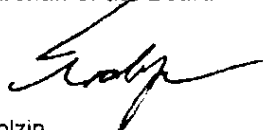
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

On behalf of the Board



T Polzin

Director

APG Cash Drawer Limited

Directors' responsibilities statements for the year ended 31 December 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of the disclosure exemptions in FRS 101 in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APG Cash Drawer Limited

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF APG CASH DRAWER LIMITED

Opinion on financial statements

We have audited the financial statements on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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.

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 <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

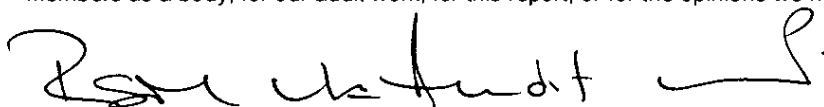
APG Cash Drawer Limited

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF APG CASH DRAWER LIMITED

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

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.



Geoff Wightwick (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

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APG Cash Drawer Limited**Statement of comprehensive income
for the year ended 31 December 2016**

	Note	2016 £	2015 £
Revenue	4	11,440,093	12,030,198
Cost of sales		(8,772,379)	(8,958,986)
Gross profit		2,667,714	3,071,212
Distribution costs		(1,761,429)	(1,743,872)
Administrative expenses		(2,009,616)	(851,108)
Exceptional items	5	(415,402)	-
Other operating income		2,645	-
Other (losses)/gains – net	6	(1,837,936)	(386,208)
Operating (loss)/profit		(3,354,024)	90,024
Finance income	9	12,703	24,617
Finance costs	9	(17,568)	(50)
(Loss)/profit before income tax		(3,358,889)	114,591
Income tax credit	10	533,000	267,423
(Loss)/profit for the financial year		(2,825,889)	382,014

The notes on pages 10 to 26 form part of these financial statements.

APG Cash Drawer Limited

Balance sheet
as at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	11	6,590		8,564	
Property, plant and equipment	12	640,189		693,713	
Investments	13	71,473		71,473	
Deferred tax assets		519,501		7,071	
			1,237,753		780,821
Current assets					
Inventories	15	1,268,163		1,422,239	
Trade and other receivables	16	6,798,875		7,205,781	
Cash and cash equivalents	19	2,176,036		681,124	
		10,243,074		9,309,144	
Current liabilities					
Trade and other payables: amounts falling due in less than one year	17	(11,339,368)		(6,855,482)	
Net current (liabilities)/assets			(1,096,294)		2,453,662
Total assets less current liabilities			141,459		3,234,483
Provisions for liabilities	18	(10,000)		-	
Deferred tax liabilities	19	(8,428)		(74,298)	
Net assets			123,031		3,160,185
Capital and reserves					
Ordinary shares	21	10,000		10,000	
Retained earnings	21	113,031		3,150,185	
Shareholders' funds			123,031		3,160,185

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


T Polzin
Director

APG Cash Drawer Limited**Statement of changes in equity
for the year ended 31 December 2016**

	Ordinary share capital £	Retained earnings £	Total £
Balance at 1 January 2015	10,000	2,768,171	2,778,171
Profit and total comprehensive income for the year	-	382,014	382,014
Balance at 31 December 2015	10,000	3,150,185	3,160,185
Balance at 1 January 2016	10,000	3,150,185	3,160,185
Loss and total comprehensive income for the year	-	(2,825,889)	(2,825,889)
Dividends	-	(211,265)	(211,265)
Balance at 31 December 2016	10,000	113,031	123,031

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016

1 General information

The principal activity of the Company is that of the manufacture and sale of cash drawers for use in the retail and banking industries.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The registered office is located at Unit 4, The Drove, Newhaven, East Sussex, BN9 0LA.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

Some of the IFRS recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the directors have amended certain accounting policies to comply with IFRS. The date of transition to FRS 101 is 1 January 2015. No adjustments arose from the transition to FRS 101 and consequently no restatement of comparative figures or equity at the transition date was necessary.

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the immediate controlling party, in accordance with FRS 101:

- Presentation of a cash flow statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management compensation;
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments;
- Comparative period reconciliations for share capital, investments and intangible assets;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- Presentation of a third statement of financial position for retrospective adjustments, reclassifications and at the date of transition to IFRS.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies *(continued)*

The financial statements of the Company are consolidated into the financial statements of APG Cash Drawer UK, Ltd. The consolidated financial statements of APG Cash Drawer UK, Ltd are available from Unit 4, The Drove, Newhaven, East Sussex, BN9 0LA.

Going Concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have prepared forecasts and projections for a period of 12 months from the date of approval of the financial statements, taking account of reasonably possible changes in trading performance and the ongoing support from the parent undertaking. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements, despite the net current liability position of the Company.

Consolidation

The Company is a wholly owned subsidiary of APG Cash Drawer UK, Ltd and of its ultimate parent, APG Cash Drawer LLC. It is included in the consolidated financial statements of APG Cash Drawer UK, Ltd which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the immediate parent's registered office is Unit 4, The Drove, Newhaven, East Sussex, BN9 0LA.

These financial statements are separate financial statements.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Impairment losses are recognised in the Statement of Comprehensive Income.

Foreign currency translation

(a) Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling. Monetary values in these consolidated financial statements are rounded to the nearest whole £1.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such 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.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016

2 Accounting policies (continued)

Depreciation on all property, plant and equipment is determined to allocate their cost to their residual values over their estimated useful lives, a summary of which is as follows:

Plant and equipment	-	14-20% reducing balance
Fixtures and fittings	-	15-33% reducing balance
Motor vehicles	-	25% straight line

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

Intangible fixed assets

Amortisation of intangible fixed assets is included within administrative expenses in the statement of comprehensive income.

(a) Patents and licences

Separately acquired patents and licences are shown at historical cost. Patents and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful life of 4 years.

(b) Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful life of 5 years.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Classification

The Company classifies its financial assets in one category - "loans and receivables". The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The Company's loans and receivables comprise 'trade and other receivables' in the balance sheet.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase the asset. Financial assets are derecognised when the risk and reward of ownership have transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Trading derivatives are classified as a current asset or liability.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using first in, first out (FIFO) method. The cost of finished goods and work in progress ("WIP") comprises all direct raw materials, direct labour, other direct costs and related production overheads (based upon normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the trade receivable is impaired. The amount of provision recorded is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised within administrative expenses in the statement of comprehensive income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest rate method.

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (*continued*)

2 Accounting policies (*continued*)

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

Employee benefits

The Company operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions. If the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as the result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

In cases in which the effect of the time value of money is significant, the amount of the provision is calculated as the present value of the future cash flows that are estimated to be required to settle the existing obligation.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

(a) Sale of goods

A number of the Group's activities are concerned with the sale of manufactured goods. Sales of goods are recognised when the company sells a product to a customer, the customer has accepted the order and delivery has been completed.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 *(continued)*

2 Accounting policies *(continued)*

(b) Sale of licenses

Revenue in respect of license fees is recognised straight line over the life of the license.

(c) Maintenance support fees

Revenue in respect of maintenance support fees are recognised straight line over the life of the maintenance term.

(d) Interest Income

Interest income is recognised using the effective interest method.

Leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material either because of their size or their nature, or that are non-recurring, and are presented within the line items to which they best relate.

3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions concerning the future which impact the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The accounting estimates resulting from these judgements and assumptions seldom equal the actual results but are based on historical experiences and future expectations.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Inventory provision

Where necessary, provision is made for slow moving and obsolete inventories. Calculation of these provisions requires judgements to be made, which include forecast consumer demand and promotional, competitive and economic environment trends.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

4 Revenue

	2016 £	2015 £
Revenue by class of business		
Sale of goods	10,773,225	11,302,682
Sale of licenses	55,000	250,000
Maintenance support fees	611,868	477,516
	<u>11,440,093</u>	<u>12,030,198</u>
	2016 £	2015 £
Revenue by geographical market		
United Kingdom	3,377,264	4,269,355
Europe	6,679,067	6,026,663
Rest of World	1,383,762	1,734,180
	<u>11,440,093</u>	<u>12,030,198</u>

5 Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate.

An analysis of the amount presented as exceptional items in these financial statements is given below.

	2016 £	2015 £
Operating items		
- redundancy costs	415,402	-
	<u>415,402</u>	<u>-</u>

During the year the directors undertook a strategic review of the Company's operations. This strategic review identified potential cost savings and as a result the Company incurred redundancy costs of £415,402.

6 Other (losses)/gains – net

	2016 £	2015 £
Foreign exchange forward contracts:		
- Held for trading	(1,837,936)	(386,208)
	<u>(1,837,936)</u>	<u>(386,208)</u>

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Operating profit

Operating profit for the year is stated after charging/(crediting):

	2016	2015
	£	£
Profit on disposal of property, plant and equipment	-	(842)
Foreign exchange losses/(gains)	537,381	(458,663)
Inventory recognised as an expense	3,294,083	3,270,013
Impairment of inventory (included in 'cost of sales')	109,379	29,721
Operating lease expenses	272,657	274,584
Audit fees payable to the Company's auditor	15,000	16,000

8 Employees and directors

Employees

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

	2016	2015
	Number	Number
Production	152	167
Sales	11	12
Administration	13	14
	<u>176</u>	<u>193</u>

Staff costs

	2016	2015
	£	£
Wages and salaries	4,677,821	5,227,014
Social security costs	452,922	578,176
Other pension costs	241,917	186,171
	<u>5,372,660</u>	<u>5,991,361</u>

Directors

The directors' emoluments were as follows:

	2016	2015
	£	£
Aggregate emoluments	818,736	585,708
Long-term benefits	58,117	49,520
	<u>876,853</u>	<u>635,228</u>

The number of directors for whom retirement benefits accrued during the year under defined contribution schemes amounted to 4 (2015: 4).

APG Cash Drawer Limited

Notes to the financial statements
for the year ended 31 December 2016 *(continued)*

8 Employees and directors (continued)

Highest paid director

The highest paid director's emoluments were as follows:

	2016 £	2015 £
Aggregate emoluments	162,976	159,559
Long-term benefits	14,593	13,557
	<u> </u>	<u> </u>

9 Finance income and costs

	2016 £	2015 £
Interest expense:		
- Bank loans and overdrafts	(3,152)	(50)
- Loans from group undertakings	(14,416)	-
	<u> </u>	<u> </u>
Total finance costs	(17,568)	(50)
Finance income:		
- Interest income on short term bank deposits	1,420	7,284
- Interest income on loans and receivables	5,395	-
- Loans to group undertakings	5,888	17,333
	<u> </u>	<u> </u>
Finance income	12,703	24,617
	<u> </u>	<u> </u>
Net finance (cost)/income	(4,865)	24,567
	<u> </u>	<u> </u>

10 Income tax expense

	2016 £	2015 £
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustment in respect of prior periods	45,300	(298,236)
	<u> </u>	<u> </u>
Total current tax	45,300	(298,236)
<i>Deferred tax (note 19)</i>		
Origination and reversal of temporary timing differences	(575,551)	34,454
Change in tax rate	(3,793)	(3,641)
Adjustments in respect of prior periods	1,044	-
	<u> </u>	<u> </u>
Total deferred tax	(578,300)	30,813
	<u> </u>	<u> </u>
Total tax expense	(533,000)	(267,423)
	<u> </u>	<u> </u>

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

The tax on the profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the profit of the Company as follows:

	2016 £	2015 £
(Loss)/profit before tax	(3,358,889)	114,591
Tax calculated at domestic tax rates applicable at 20.00% (2015 – 20.25%)	(671,778)	23,205
Effects of:		
Expenses not deductible for tax purposes	490	1,713
Adjustments in respect of prior periods	46,344	(298,236)
Remeasurement of deferred tax – change in the UK tax rate	95,612	(4,969)
Unrecognised tax losses	-	220,751
Fixed asset timing differences	1,647	16,164
Permanent differences	(5,315)	(182,920)
Transfer pricing adjustments	-	(43,131)
Total tax credit	(533,000)	(267,423)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Intangible assets

	Patents and licenses £	Development costs £	Total £
Cost			
At 1 January 2016	141,427	375,000	516,427
Additions	2,031	-	2,031
At 31 December 2016	143,458	375,000	518,458
Accumulated amortisation and impairment			
At 1 January 2016	(132,860)	(375,000)	(507,860)
Amortisation	(4,008)	-	(4,008)
At 31 December 2016	(136,868)	(375,000)	(511,868)
Net book amount 2016	6,590	-	6,590
Net book amount			
At 31 December 2015	8,564	-	8,564

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 *(continued)*

12 Property, plant and equipment

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
At 1 January 2015				
Cost	3,363,207	558,953	24,725	3,946,885
Accumulated depreciation	(2,787,243)	(459,366)	(11,543)	(3,258,152)
Net book amount	575,964	99,587	13,181	688,732
Year ended 31 December 2015				
Opening net book amount	575,964	99,587	13,181	688,732
Additions	171,481	50,007	13,959	235,447
Disposals	(7,095)	(15)	(3,013)	(10,120)
Depreciation charge	(168,585)	(45,541)	(6,221)	(220,347)
Closing net book amount	571,765	104,041	17,907	693,713
At 31 December 2015				
Cost	3,336,929	558,563	26,634	3,922,126
Accumulated depreciation	(2,765,164)	(454,522)	(8,727)	(3,228,413)
Net book amount	571,765	104,041	17,907	693,713
Year ended 31 December 2016				
Opening net book amount	571,765	104,041	17,907	693,713
Additions	90,670	99,613	-	190,283
Depreciation charge	(180,193)	(56,955)	(6,659)	(243,807)
Closing net book amount	482,241	146,699	11,249	640,189
At 31 December 2016				
Cost	3,427,598	658,176	26,634	4,112,408
Accumulated depreciation	(2,945,357)	(511,477)	(15,385)	(3,472,219)
Net book amount	482,241	146,699	11,249	640,189

13 Investments in subsidiaries

	£
Shares in group undertakings	
At 1 January 2016 and 31 December 2016	71,473

Shares in group undertakings are recorded at cost, which is the fair value of the consideration paid.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 *(continued)*

13 Investments in subsidiaries (continued)

The Company had the following subsidiaries at 31 December 2016.

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held (%)
Cash Bases Iberica SA	Spain	Sales office	100
Cash Bases GmbH	Germany	Sales office	100
CBL Solutions SARL	France	Sales office	100
Cash Bases Incorporated	USA	Dormant	100
European Cash Drawers SA	Spain	Dormant	100

The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

14 Derivative financial instruments

	2016		2015	
	Assets £	Liabilities £	Assets £	Liabilities £
Forward foreign exchange contracts – held for trading	-	2,206,740	-	368,804
Current portion	-	2,206,740	-	368,804

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

15 Inventories

	2016 £	2015 £
Raw materials and consumables	738,945	683,813
Work in progress	348,023	371,008
Finished goods and goods for resale	181,195	367,418
	1,268,163	1,422,239

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Inventories are stated after provisions for impairment of £438,962 (2015: £329,584).

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Trade and other receivables

	2016 £	2015 £
Trade receivables	1,754,724	1,687,801
Corporation tax receivable	-	394,033
Amounts owed by group undertakings	2,562,575	4,836,483
Other receivables	2,023,156	22,612
Prepayments and accrued income	458,420	264,852
	<u>6,798,875</u>	<u>7,205,781</u>

Included within other receivables is £1,989,443 (2015: £nil) in relation to margin calls paid by the Company on its foreign exchange hedging contracts.

Trade receivables are stated after provisions for impairment of £29,252 (2015: £14,288).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17 Trade and other payables: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	-	64,067
Other borrowings	2,447,123	-
Trade payables	764,616	893,492
Taxation and social security	130,524	80,284
Accruals and deferred income	672,660	425,501
Amounts owed to group undertakings	5,080,034	4,976,349
Derivative financial instruments	2,206,740	368,804
Other payables	37,671	46,985
	<u>11,339,368</u>	<u>6,855,482</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within other borrowings is a loan from APG Cash Drawer UK, Ltd of \$3m. The amount bears interest at a rate of 3.50% per annum and is unsecured and repayable on demand.

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 *(continued)*

18 Provisions for other liabilities and charges

	Warranties £
At 1 January 2016	-
Charged to the statement of comprehensive income: - Additional provisions	10,000
At 31 December 2016	10,000

(a) Warranties

Provision is made for liabilities in respect of expected claims on warranties provided in conjunction with the sale of goods, based on previous claims by customers and current sales volumes.

19 Deferred tax

Deferred tax		2016 £	2015 £	
Deferred tax assets:				
To be settled after more than 12 months		519,501	7,071	
Deferred tax liabilities:				
To be settled after more than 12 months		(8,428)	(74,298)	
		<hr/>	<hr/>	
	Tax losses £	Accelerated capital allowances £	Short term timing differences £	Total £
At 1 January 2016	(26,476)	(47,822)	7,071	(67,227)
Charged/(credited) to the statement of comprehensive income	540,848	39,394	(1,942)	578,300
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	514,372	(8,428)	5,129	511,073

Deferred tax is calculated on the temporary differences under the liability method using a tax rate of 17% (2015: 18%).

20 Post-employment benefits

Defined contribution scheme

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The amount recognised as an expense for the defined contribution scheme was £214,917 (2015: £186,171).

APG Cash Drawer Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

21 Share capital and reserves

Ordinary shares of £1 each:

	No.	£
Allotted and fully paid		
At 1 January 2016 & 31 December 2016	10,000	10,000

The ordinary shares rank pari passu in all respects.

Reserves

Retained earnings

Cumulative profit and loss net of distributions to owners.

22 Commitments

(a) Capital commitments

At 31 December 2016 the Company had outstanding commitments totalling £435,500 (2015: £nil) to acquire capital equipment.

(b) Lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Expiring in:		
No later than one year	266,100	257,500
Later than one year and not later than five years	1,064,400	1,030,000
Later than five years	1,729,650	1,931,250
	<u>3,060,150</u>	<u>3,218,750</u>

23 Related party transactions

	2016 £	2015 £
Rents payable		
Directors *	266,100	128,750
	<u>266,100</u>	<u>128,750</u>

* The directors to whom rents were payable resigned during the year.

There was no outstanding balance at either year-end.

APG Cash Drawer Limited
Notes to the financial statements
for the year ended 31 December 2016 (continued)

24 Ultimate controlling party

The directors consider the ultimate controlling parent undertaking and ultimate controlling party to be APG Cash Drawer LLC, a company registered and incorporated in the United States of America.

APG Cash Drawer UK, Ltd represents the smallest company for which publically available consolidated accounts are prepared, which may be obtained from Unit 4, The Drove, Newhaven, East Sussex, BN9 0LA..

APG Cash Drawer LLC represents the largest company for which consolidated accounts including APG Cash Drawer Ltd are prepared.

25 Events after the end of the reporting period

As a result of the favourable movement of the pound sterling against the Euro in the period since the reporting date, the group has received refunds on previous margin calls on its foreign exchange hedging contracts amounting to £709,782 as at the date of signing of these financial statements. Further margin calls may be required if the pound sterling weakens against the Euro.

On 10 July 2017, a resolution was passed by the board to change the name of the company to APG Cash Drawer Limited.