

**ZEPELIN SYSTEMS UK LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**



# **ZEPPELIN SYSTEMS UK LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	D. Scott R. Hofmann
<b>Company secretary</b>	A Auld
<b>Company number</b>	06193937
<b>Registered office</b>	Multiflex 5, Core 27 Little Oak Drive Sherwood Business Park Annesley Nottinghamshire NG15 0EB
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ
<b>Business address</b>	Multiflex 5, Core 27 Little Oak Drive Sherwood Business Park Annesley Nottinghamshire NG15 0EB
<b>Bankers</b>	HSBC Bank PLC 1 Leeming Street Mansfield NG18 1LU

# **ZEPPELIN SYSTEMS UK LIMITED**

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# **ZEPPELIN SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the audited financial statements of Zeppelin Systems UK Limited "the company" for the year ended 31 December 2016.

#### **Principal activities**

The principal activity of the business is the design, supply, installation and commissioning of bulk materials handling systems (including controls) for industrial processes in the plastics, rubber and chemical markets.

#### **Key performance indicators**

	<b>2016</b>	<b>2015</b>	<b>Definition and method of calculation and analysis</b>
Sales (decrease)/ increase	(59.4%)	35.2%	Being the (reduction)/ increase in turnover against the previous financial year.
Gross profit margin	41.6%	20.8%	Being the percentage gross profit as a proportion to total turnover.
Net current assets movement	(19.1%)	8.9%	Being the percentage movement in the net position of total current assets less total current liabilities on the balance sheet dated against the previous balance sheet date.

Turnover has reduced considerably from 2015 (down 59.4%). This reduction was larger than anticipated because of a large project that could not be taken to sale in 2016 but which will provide a healthy backlog for 2017. We expect to see an improvement in 2017 turnover but it is unlikely to be as high as 2014 which had been bumped up by significant export projects. Gross margin fell by far less (only -£333,494) giving a very healthy gross margin (up from 20.8 to 41.6%) although this included a reversal of provisions that had not been needed.

#### **Business review**

The proportion of turnover representing business in the UK home market improved significantly to 33% in 2016 and although we hope to increase UK turnover in 2017 the political environment is unstable and the weakness of the Euro against the UK pound will make imports from our parent company in Germany more expensive so this is by no means certain.

#### **Future development**

The most significant opportunity for future UK business still lies in (i) the plastics industry (driven by environmental considerations and "green" products/technologies), and (ii) the food sector, and these remain our focus in the UK. It is anticipated that our access to global rubber projects will decline and increasing UK business in these areas will take its place.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Results and dividends**

The profit for the year amounted to £340,940 (2015: £603,521). The directors have recommended payment of a dividend of £340,940 (2015: £603,521).

### **Directors**

The following directors have held office since 1 January 2016 and up to the date of signing the directors' report and financial statements.

D. Scott  
R. Hofmann

### **Principal risks and uncertainties**

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of credit, foreign currency and liquidity. The directors actively manage these risks by monitoring levels of risk and the related cost of mitigating them.

#### **Credit risk**

The company trades with a small number of large multinational companies within the plastics, rubber and chemical markets, which can create large trade debt balances at any moment in time. Trading with these companies occurs throughout the Zeppelin Group. The company manages this risk through agreed payment plans and credit reviews performed at a group level before sales are made.

#### **Foreign currency risk**

Fluctuations in foreign currency exchange rates could subject the company to a risk of losses on anticipated future cash flows from our customers. To manage this risk, the company holds currency bank deposits to reduce exposure. The company does not currently believe that the risk of foreign currency exposure warrants the use forward contracts to hedge certain exchange risk.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

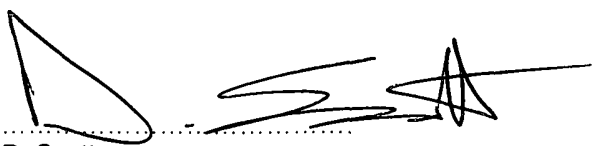
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information. The directors have taken advantage of the small companies' exemption from preparation of a strategic report in accordance with section 414B of Companies Act 2006.

The report of the directors has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 Section 415a relating to small companies.

On behalf of the board



D. Scott

**Director**

# **ZEPELIN SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEPELIN SYSTEMS UK LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Report on the financial statements**

#### **Our opinion**

In our opinion, Zeppelin Systems UK Limited's financial statements (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 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.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinions 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEPPELIN SYSTEMS UK LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors Report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

*David Martin*

David Martin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
22 June 2017



# **ZEPPELIN SYSTEMS UK LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	<b>3,422,879</b>	8,438,131
Cost of sales		<u>(1,999,486)</u>	<u>(6,681,244)</u>
<b>Gross profit</b>		<b>1,423,393</b>	1,756,887
Administrative expenses		<u>(1,267,866)</u>	(1,133,017)
Other operating income		<u>256,824</u>	107,181
<b>Operating profit</b>	<b>4</b>	<b>412,351</b>	731,051
Interest receivable and similar income	<b>7</b>	<b>13,034</b>	23,186
Interest payable and similar charges	<b>8</b>	<u>-</u>	<u>(659)</u>
<b>Profit on ordinary activities before taxation</b>		<b>425,385</b>	753,578
Tax on profit on ordinary activities	<b>9</b>	<u>(84,445)</u>	<u>(150,057)</u>
<b>Profit for the financial year</b>		<u><b>340,940</b></u>	<u>603,521</u>
<b>Total comprehensive income for the year</b>		<b>340,940</b>	603,521
Retained earnings as at 1 January 2016		<b>1,178,702</b>	1,007,362
Dividends	<b>10</b>	<u>(603,520)</u>	<u>(432,181)</u>
<b>Retained earnings at 31 December 2016</b>		<u><b>916,122</b></u>	<u>1,178,702</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There is no other comprehensive income other than the income passing through the profit and loss account. There is no difference between the profit and loss on ordinary activities before taxation for the financial years stated above, and the historical cost equivalents.

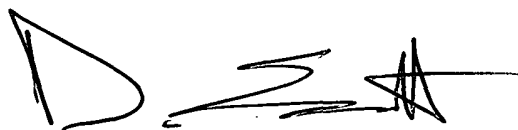
# ZEPPELIN SYSTEMS UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Stock	13	1,001,890	545,063
Debtors	14	269,860	3,922,570
Cash at bank and in hand		3,179,031	829,972
		<u>4,450,781</u>	<u>5,297,605</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,329,058)</u>	<u>(1,438,385)</u>
<b>Net current assets</b>		<u>3,121,723</u>	<u>3,859,220</u>
<b>Total assets less current liabilities</b>		<u>3,121,723</u>	<u>3,859,220</u>
<b>Provisions for liabilities</b>	16	<u>(1,705,601)</u>	<u>(2,180,518)</u>
<b>Net assets</b>		<u>1,416,122</u>	<u>1,678,702</u>
<b>Capital and reserves</b>			
Called up share capital	18	500,000	500,000
Retained earnings	19	916,122	1,178,702
<b>Total equity</b>		<u>1,416,122</u>	<u>1,678,702</u>

The financial statements were approved by the board of directors and authorised for issued on 22/6/2017 and are signed on its behalf by:



D Scott  
Director

Company registration no: 06193937

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1. Accounting policies**

#### **Company information**

Zeppelin Systems UK Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Multiflex 5, Core 27, Little Oak Drive, Sherwood Business Park, Annesley, Nottingham, NG15 0EB.

### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Zeppelin Systems UK Limited is a wholly owned subsidiary of Zeppelin GmbH and the results of Zeppelin Systems UK Limited are included in the consolidated financial statements of Zeppelin GmbH which are publicly available.

### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when the transfer of ownership and the transfer of risk have passed to the buyer. Transfer of ownership will occur when all goods are provided to the buyer. Transfer of risk will occur upon acceptance by the buyer of the service.

When it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately.

Payment received in advance of revenue recognition is included in creditors as payments on account to the extent that the amount received exceeds the cost incurred and included with inventory.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historical cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to the working condition for the intended use. Depreciation is provided at rates calculated to write off the cost of each material asset over its expected useful life as follow:

Plant and machinery	20% - 33% straight line
Fixtures, fittings & equipment	20% - 33% straight line
Motor vehicles	33% straight line

#### **1.4 Stocks**

Raw material stocks are valued at the lower of cost and net realisable value on a first in first out basis.

Work-in-progress is stated at costs incurred, net of amounts transferred to the profit and loss account in respect of deliverables completed to date, less foreseeable losses and applicable payments on account.

Cost comprises purchase price or direct production cost, together with attributable production and other overheads and is valued on a first in first out basis.

Net realisable value means estimated selling prices less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

#### **1.5 Cash and cash equivalents**

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

#### **1.6 Financial assets**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's Balance Sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

##### ***Loans and receivables***

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

# **ZEPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### **1.6 Financial assets (continued)**

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **1.7 Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

##### ***Other financial liabilities***

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### **1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### **1.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **1.10 Provisions**

##### ***Provisions for costs to complete***

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the directors' best estimate of the consideration required to settle the present obligation. These estimates consider information available and different possible outcomes.

##### ***Warranties***

Provision for expected costs of warranty obligations under sale agreements of goods are recognised at the date of sale of the relevant products. The amount recognised as a provision is the directors' best estimate of the consideration required to settle the present obligation at the balance sheet date, and takes into account the risks and uncertainties surrounding the obligation. The provision is retained as a liability up to the date of expiry of the warranty period, typically being two years from the completion of installation of the products.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies (continued)**

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.13 Leases**

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

#### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### **2 Critical accounting estimates and judgements**

#### ***Provisions***

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The items in the financial statements where these judgements and estimates have been made relate to provisions, which are outlined in note 16.

#### ***Bad debt provision***

Trade debtors are stated at recoverable amounts, after appropriate provision for bad and doubtful debts. Calculation of the bad debt provision requires judgment from the management team, based on the creditworthiness of the customer.

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **3 Turnover**

Analysis of the company's turnover is as follows:

	2016	2015
	£	£
<b>Turnover</b>		
Sales of goods	3,345,256	8,329,395
Rendering of services	77,623	108,736
	<u>3,422,879</u>	<u>8,438,131</u>

#### **Turnover analysed by geographical market**

	2016	2015
	£	£
United Kingdom	1,138,938	1,427,798
Europe	466,204	2,417,011
Rest of World	1,817,737	4,593,322
	<u>3,422,879</u>	<u>8,438,131</u>

### **4 Operating profit**

	2016	2015
	£	£

Operating profit is stated after charging/(crediting)

Depreciation of tangible fixed assets	3,282	5,560
Operating lease rentals		
- Plant and machinery	25,239	25,161
- Other assets	137,315	142,406
Auditors' remuneration	16,198	16,000
Bad debt expense	106,482	10,781
Stock recognised as an expense	1,393,404	5,058,523
Gain on foreign exchange transactions	(107,265)	(109,827)



# ZEPPELIN SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Employees

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

	2016 Number	2015 Number
Admin	9	9
Production	22	22
	<u>31</u>	<u>31</u>

Their aggregate remuneration comprises:

	2016 £	2015 £
Wages and salaries	1,234,443	1,325,130
Social security	130,372	130,887
Pension costs	56,194	51,381
	<u>1,421,009</u>	<u>1,507,398</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	124,653	114,474
Company pension contributions to defined contribution schemes	11,000	9,900
	<u>135,653</u>	<u>124,374</u>

Number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 – 1).

### 7 Interest receivable and similar income

	2016 £	2015 £
Other interest receivable and similar income	13,034	23,186

### 8 Interest payable and similar charges

	2016 £	2015 £
Other interest	-	659

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **9 Tax on profit on ordinary activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK Corporation tax on profits for the current year	<b>84,445</b>	<b>150,057</b>

The charge for the year can be reconciled to the profit per the profit and loss accounts as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b>425,385</b>	<b>753,578</b>
Expected tax charge based on corporation tax rate 20% (2015 – 20.25%)	<b>85,077</b>	<b>152,600</b>
Tax effect of expenses that are not deductible indetermining taxable profit	<b>143</b>	<b>156</b>
Capital allowances in excess of depreciation	<b>-</b>	<b>812</b>
Other short term timing differences	<b>(775)</b>	<b>(3,511)</b>
Tax charge for the year	<b>84,445</b>	<b>150,057</b>

### **10 Dividends**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Dividends paid	<b>603,520</b>	<b>432,181</b>

On 8 May 2015 a dividend of 121 pence per ordinary share, totaling £603,520 (2015: 86 pence per ordinary share, totaling £432,181) was paid to the immediate parent company, Zeppelin Systems GmbH.

The directors have proposed a final dividend for the year ended 31 December 2016 of 68 pence per ordinary share, totaling £340,940. This dividend has not been accounted for within the current financial statements as it was not approved as at the year end date.

# **ZEPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **11 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Motor Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2016	132,571	28,092	16,054	176,717
Additions	-	3,282	-	3,282
At 31 December 2016	<b>132,571</b>	<b>31,374</b>	<b>16,054</b>	<b>179,999</b>
<b>Accumulated depreciation</b>				
At 1 January 2016	132,571	28,092	16,054	176,717
Charge for the year	-	3,282	-	3,282
At 31 December 2016	<b>132,571</b>	<b>31,374</b>	<b>16,054</b>	<b>179,999</b>
<b>Net book amount</b>				
At 31 December 2016	-	-	-	-
At 31 December 2015	-	-	-	-

### **12 Financial instruments**

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<b>3,426,875</b>	4,556,953
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<b>1,263,859</b>	1,210,110

### **13 Stock**

	2016 £	2015 £
Raw materials and consumables	<b>163,640</b>	153,715
Work in progress	<b>1,442,133</b>	656,420
Payments received on account	<b>(603,883)</b>	(265,072)
	<b>1,001,890</b>	545,063

The stock impairment provision is £Nil (2015: £Nil)

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **14 Debtors**

	2016	2015
	£	£
Trade debtors	239,686	195,196
Amounts owed by group undertakings	8,158	3,521,340
Other debtors including taxation	-	10,445
Prepayments and accrued income	22,016	195,589
	<b>269,890</b>	<b>3,922,570</b>

Amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

The trade debtors balance is stated net of a provision for bad debts of £1,606 (2015: £2,547). During the year a bad debt expense of £106,482 (2015: £10,781) was recognized in the profit and loss account.

### **15 Creditors: Amounts falling due within one year**

	2016	2015
	£	£
Payments received on account	102,325	179,231
Trade creditors	302,049	161,797
Amounts owed to group undertakings	650,726	629,070
Corporation tax	54,774	88,707
Other taxes and social security costs	10,425	139,568
Accruals and deferred income	208,759	240,012
	<b>1,329,058</b>	<b>1,438,385</b>

### **16 Provisions for liabilities**

	2016	2015
	£	£
Warranty provision	250,072	298,022
Provisions to complete projects	1,455,529	1,882,496
	<b>1,705,601</b>	<b>2,180,518</b>

	Warranty provision	Provision for costs to complete	Total
	£	£	£
Balance at 1 January 2016	298,022	1,882,496	2,180,518
Unused amounts reversed	(65,564)	(527,865)	(593,429)
Profit and loss account	39,188	327,238	366,426
Amounts utilised	(21,573)	(226,340)	(247,913)
Balance at 31 December 2016	<b>250,072</b>	<b>1,455,529</b>	<b>1,705,601</b>

# **ZEPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **16 Provisions for liabilities (continued)**

The company provides a warranty cover in respect of manufacturing and design defects on its bulk handling system, which become apparent within the first two years following installation. A provision for warranty claims has been recognized over the next two years based on past experience of warranty claims actually received and existing unsettled claims.

Provisions for costs to complete relate to estimates of future costs required to fulfil contracts, which have been substantially completed by the year end, or where title of goods has passed to the customer. The amount also includes provisions for costs relating to remediation and snagging costs that fall outside the company's definition of warranty spend. The provisions are expensed to be utilised over the next three years.

### **17 Retirement benefit schemes**

#### **Defined contribution schemes**

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.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
The charge to the profit and loss in respect of defined contribution schemes	<b>56,194</b>	<b>51,381</b>

There were no amounts outstanding or prepaid at the balance sheet date (2015: £Nil).

### **18 Called up share capital**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
500,000 (2014: 500,000) Ordinary shares of £1 each	<b>500,000</b>	<b>500,000</b>

### **19 Retained Earnings**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Balance at beginning of the year	<b>1,178,702</b>	<b>1,007,362</b>
Profit for the year	<b>340,940</b>	<b>603,521</b>
Dividends paid	<b>(603,520)</b>	<b>(432,181)</b>
At end of year	<b>916,122</b>	<b>1,178,702</b>

# **ZEPPELIN SYSTEMS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

### **20 Financial commitments**

At 31 December 2016 the company had annual commitments under non-cancellable operating leases expiring as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within one year	<b>74,438</b>	79,183	<b>39,848</b>	45,342
Between two and five years	<b>272,937</b>		<b>22,135</b>	37,179
	<b>371,187</b>	79,183	<b>61,983</b>	82,521

### **21 Ultimate parent undertaking**

The company is a wholly owned subsidiary of Zeppelin Systems GmbH, based in Friedrichshafen, Germany.

The ultimate parent company and controlling party is Zeppelin Systems GmbH, a company incorporated in Germany, which is the smallest and largest group to consolidate these financial statements.

### **22 Related party transactions**

The company has taken advantage of the exemption under section 33.1A of Financial Reporting Standard 102 "Related Party Disclosures" from disclosing transactions with group companies, on the grounds that it is a wholly owned subsidiary of a group headed by Zeppelin GmbH, whose financial statements are publicly available. Copies of Zeppelin GmbH consolidated financial statements can be obtained from the Company Secretary of Zeppelin GmbH, Postfach 15 05, 85742 Garching b, Munich, Germany. There were no other related party transactions in the current or prior financial year financial statements.