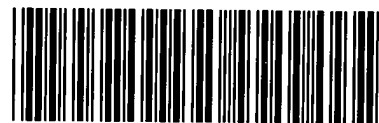


ZEPPELIN SYSTEMS UK LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

SATURDAY



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07/07/2018
COMPANIES HOUSE

ZEPPELIN SYSTEMS UK LIMITED

COMPANY INFORMATION

Directors

D. Scott
R. Hofmann

Company secretary

A Auld

Company number

06193937

Registered office

Multiflex 5, Core 27
Little Oak Drive
Sherwood Business Park
Annesley
Nottinghamshire
NG15 0EB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Business address

Multiflex 5, Core 27
Little Oak Drive
Sherwood Business Park
Annesley
Nottinghamshire
NG15 0EB

Bankers

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 2017

The directors present their report and the audited financial statements of Zeppelin Systems UK Limited "the company" for the year ended 31 December 2017.

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

	2017	2016	Definition and method of calculation and analysis
Sales (decrease)/ increase	39.0%	(59.4%)	Being the increase/ (reduction) in turnover against the previous financial year.
Gross profit margin	22.9%	41.6%	Being the percentage gross profit as a proportion to total turnover.
Net current assets movement	(5.7%)	(19.1%)	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 improved from 2016 (up 39%) but not as much as we had expected. The gross margin reduced significantly (down from 41.6% to 22.9%). Both these figures reflect the current situation in the UK market predominantly due to Brexit uncertainties. Many UK projects seem to be "on-hold" and therefore, for those that have gone ahead, competition in our industry has been greater. Coupled with this the weaker pound has also squeezed margins on imports from Europe.

Business review

On a more positive note the aim of increasing our turnover in the UK home market again improved significantly, up from 33% in 2016 to 69% in 2017. It is still our aim to increase the proportion of business in the UK market further but the Brexit/FX factors mentioned above are expected to continue to influence the available market and margins.

Future development

The plastics/polymer and food markets will remain our focus in the UK. The global rubber market, previously the most significant proportion of our business, will continue to decline as this business is transferred to more local entities within the Zeppelin GmbH group in accordance with our overall group strategy.

ZEPPELIN SYSTEMS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Results and dividends

The loss for the financial year amounted to £146,939 (2016: £340,940 profit). The directors have not recommended a dividend payment for 2017 (2016: £340,940 approved and paid in 2017).

Directors

The following directors have held office since 1 January 2017 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.

ZEPELIN SYSTEMS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

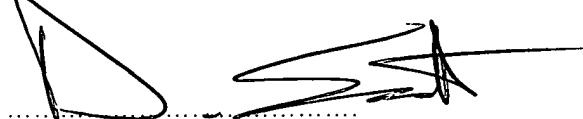
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

The Directors' Report 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

7/6/18

ZEPPELIN SYSTEMS UK LIMITED

Independent auditors' report to the members of Zeppelin Systems UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2017; the profit and loss account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

ZEPPELIN SYSTEMS UK LIMITED

Independent auditors' report to the members of Zeppelin Systems UK Limited (cont.)

Reporting on other information (cont.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

ZEPPELIN SYSTEMS UK LIMITED

Independent auditors' report to the members of Zeppelin Systems UK Limited (cont.)

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

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.

David Martin

David Martin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
14 June 2018

ZEPPELIN SYSTEMS UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	3	4,759,108	3,422,879
Cost of sales		<u>(3,665,674)</u>	<u>(1,999,486)</u>
Gross profit		1,093,434	1,423,393
Administrative expenses		<u>(1,419,251)</u>	(1,267,866)
Other operating income		<u>136,000</u>	256,824
Operating (loss) / profit	4	(189,817)	412,351
Interest receivable and similar income	7	6,836	13,034
Interest payable and similar expenses	8	<u>(60)</u>	-
(Loss) / profit on ordinary activities before taxation		(183,041)	425,385
Tax on (loss) / profit on ordinary activities	9	<u>36,102</u>	<u>(84,445)</u>
(Loss) / profit for the financial year		(146,939)	340,940
Total comprehensive (loss) / income for the year		(146,939)	340,940
Retained earnings as at 1 January 2017		916,122	1,178,702
Dividends	10	<u>(340,940)</u>	<u>(603,520)</u>
Retained earnings at 31 December 2017		428,243	916,122

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.

ZEPPELIN SYSTEMS UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Non-current Assets			
Tangible fixed assets	11	-	-
Current assets			
Stock	13	257,657	1,001,890
Debtors	14	2,642,255	269,860
Cash at bank and in hand		991,244	3,179,031
		3,891,156	4,450,781
Creditors: amounts falling due within one year	15	(910,534)	(1,329,058)
Net current assets		2,980,622	3,121,723
Total assets less current liabilities		2,980,622	3,121,723
Provisions for liabilities	16	(2,052,379)	(1,705,601)
Net assets		928,243	1,416,122
Capital and reserves			
Called up share capital	18	500,000	500,000
Retained earnings	19	428,243	916,122
Total equity		928,243	1,416,122

The financial statements on pages 9 to 22 were approved by the board of directors and authorised for issued on 7/6/2018 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 2017

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, Nottinghamshire, 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.

ZEPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

ZEPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

ZEPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017

3 Turnover

Analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Sales of goods	4,657,939	3,345,256
Rendering of services	101,169	77,623
	<u>4,759,108</u>	<u>3,422,879</u>

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	3,286,683	1,138,938
Europe	650,262	466,204
Rest of World	822,163	1,817,737
	<u>4,759,108</u>	<u>3,422,879</u>

4 Operating (loss) / profit

	2017 £	2016 £
--	-----------	-----------

Operating (loss) / profit is stated after charging/(crediting)

Depreciation of tangible fixed assets	234	3,282
Operating lease rentals		
- Plant and machinery	29,271	25,239
- Other assets	138,507	137,315
Auditors' remuneration	28,160	16,198
Bad debt expense	46,856	106,482
Stock recognised as an expense	2,556,819	1,393,404
Gain on foreign exchange transactions	<u>(87,474)</u>	<u>(107,265)</u>

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees

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

	2017	2016
	Number	Number
Admin	9	9
Production	22	22
	31	31

Their aggregate remuneration comprises:

	2017	2016
	£	£
Wages and salaries	1,275,794	1,234,443
Social security costs	141,273	130,372
Other pension costs	55,239	56,194
	1,472,306	1,421,009

6 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	144,020	124,653
Company pension contributions to defined contribution schemes	11,000	11,000
	155,020	135,653

Number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 – 1).

7 Interest receivable and similar income

	2017	2016
	£	£
Other interest receivable and similar income	6,836	13,034

8 Interest payable and similar expenses

	2017	2016
	£	£
Other interest	60	-

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Tax on (loss) / profit

	2017	2016
	£	£
Current tax		
UK Corporation tax on profits for the current year	<u>(36,102)</u>	<u>84,445</u>

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

	2017	2016
	£	£
(Loss) / profit on ordinary activities before taxation	<u>(183,041)</u>	<u>425,385</u>
Expected tax (credit) / charge based on corporation tax rate 19.25% (2016: 20%)	(35,229)	85,077
Tax effect of expenses that are not deductible in determining taxable profit	296	143
Capital allowances in excess of depreciation	-	-
Other short term timing differences	<u>(1,169)</u>	<u>(775)</u>
Tax (credit) / charge for the year	<u>(36,102)</u>	<u>84,445</u>

10 Dividends

	2017	2016
	£	£
Dividends paid	<u>340,940</u>	<u>603,520</u>

On 20 February 2017 a dividend of 68 pence per ordinary share, totalling £340,940 (2016: 121 pence per ordinary share, totalling £603,520) was paid to the immediate parent company, Zeppelin Systems GmbH.

No dividend payment has been declared by the directors for the year ended 31 December 2017.

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2017	132,571	31,374	16,054	179,999
Additions	-	234	-	234
At 31 December 2017	132,571	31,608	16,054	180,233
Accumulated depreciation				
At 1 January 2017	132,571	31,374	16,054	179,999
Charge for the year	-	234	-	234
At 31 December 2017	132,571	31,608	16,054	180,233
Net book amount				
At 31 December 2017	-	-	-	-
At 31 December 2016	-	-	-	-

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,525,223	3,426,875
Carrying amount of financial liabilities		
Measured at amortised cost	797,255	1,263,859

13 Stock

	2017 £	2016 £
Raw materials and consumables	165,274	163,640
Work in progress	161,871	1,442,133
Payments received on account	(69,488)	(603,883)
	257,657	1,001,890

The stock impairment provision is £Nil (2016: £Nil)

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Debtors

	2017	2016
	£	£
Trade debtors	503,992	239,686
Amounts owed by group undertakings	2,029,987	8,158
Other debtors including taxation	66,074	-
Prepayments and accrued income	45,202	22,016
	2,642,255	269,860

Amounts owed by group undertakings include a loan receivable of £2,000,000. 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 £46,856 (2016: £106,482). During the year a bad debt expense of £46,856 (2016: £106,482) was recognized in the profit and loss account.

15 Creditors: Amounts falling due within one year

	2017	2016
	£	£
Payments received on account	129,055	102,325
Trade creditors	68,652	302,049
Amounts owed to group undertakings	326,040	650,726
Corporation tax	-	54,774
Other taxation and social security costs	113,280	10,425
Accruals and deferred income	273,507	208,759
	910,534	1,329,058

16 Provisions for liabilities

	2017	2016
	£	£
Warranty provision	648,151	250,072
Provisions to complete projects	1,404,228	1,455,529
	2,052,379	1,705,601

	Warranty provision	Provision for costs to complete	Total
	£	£	£
Balance at 1 January 2017	250,072	1,455,529	1,705,601
Unused amounts reversed	(20,618)	(354,892)	(375,510)
Profit and loss account	440,436	405,824	846,260
Amounts utilised	(21,739)	(102,233)	(123,972)
Balance at 31 December 2017	648,151	1,404,228	2,052,379

ZEPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

	2017 £	2016 £
The charge to the profit and loss in respect of defined contribution schemes	55,239	56,194

There were no amounts outstanding or prepaid at the balance sheet date (2016: £Nil).

18 Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
500,000 (2016: 500,000) Ordinary shares of £1 each	500,000	500,000

19 Retained Earnings

	2017 £	2016 £
Balance at beginning of the year	916,122	1,178,702
(Loss) / profit for the financial year	(146,939)	340,940
Dividends paid	(340,940)	(603,520)
At end of year	428,243	916,122

ZEPPELIN SYSTEMS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

20 Financial commitments

At 31 December 2017 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Operating leases which expire:				
Within one year	74,437	74,438	26,725	39,848
Between two and five years	198,500	272,937	22,669	22,135
	272,937	347,375	49,394	61,983

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.