Company Registration No. 03402266 (England and Wales)

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE+DEVRIENT MOBILE SECURITY GB LTD)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE +DEVRIENT MOBILE SECURITY GB LTD)

COMPANY INFORMATION

Directors	F E Baumgartner G M P Bugat J M L Knox G Parletta
Secretary	J M L Knox
Company number	03402266
Registered office	Unit 1 Globe House Westlinks Alperton Lane Wembley Middlesex HA0 1ER
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

The directors present the strategic report of Giesecke+Devrient ePaymants UK Ltd ("the Company") for the year ended 31 December 2023.

Business Review and development and performance of the Company's business during 2023
Giesecke+Devrient ePayments UK Ltd's total sales in 2023 increased from £9.4m (2022) to £12.1m. The implementation of the new strategy in the ePayments division has started to show positive results as sales in this division have increased with the onboarding of new customers during 2023 and stable growth in existing customers. The Trusted Connected Devices division performed as expected for 2023. Margins are however still strained as the factory is operating at an underutilised capacity. The Company has and will continue to maintain strict cost control.

Profit after tax increased from a £2.9m loss in 2022 to a £550k profit in 2023. This increase is mainly due to the sale of the Trusted Connected Devices division. Effective 1 October 2023 the Company sold the Trusted Connected Devices division to a new Group company, Giesecke+Devrient Mobile Security TCD UK Limited. This will allow the division to focus on a more defined growth plan separate to the ePayments division. The assets and liabilities associated with the new division were sold for a cash consideration of £3.9m.

Going concern
Notwithstanding the net liabilities of £2.0m (2022: £2.5m), the Directors' assessment has considered trading up to the date of signing these financial statements and to date revenues have been slow to recover from the major customer loss. While the Directors expect the Company to continue to generate revenues, the slow recovery rate has meant there is an element of uncertainty over predicting what will happen in the future.

The Directors have also considered the uncertainty of future cash flows and reviewed 12 months cash flow forecasts until December 2025. This has been considered within the severe but plausible downside scenario. In the severe but plausible downside scenario considered, revenue has been forecasted to be 25% lower than the budgets up to December 2025.

The severe but plausible downside cash flow forecast indicates that the Company will not have sufficient funds to meet its liabilities as they fall due. Consequently, ongoing funding may be required from its ultimate parent company Giesecke+Devrient GmbH.

The immediate parent company, Giesecke+Devrient ePayments GmbH, has indicated that it will provide financial support to the company to meet its liabilities during the forecast period if required. As the company is reliant on the continued support from immediate parent company the directors have assessed the intention and ability of Giesecke+Devrient ePayments GmbH to continue to provide that support and concluded the support is available if required.

Consequently, the directors are confident that the company will have sufficient funds through funding from its immediate parent company to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Key Performance Indicators
The Directors monitor key financial performance indicators ("KPIs") which are considered appropriate for the Company's activities.

The Company's performance against KPIs for the year ended 31 December 2023 is set out as follows:

KPIs :		2023	2022
Turnover in 000's	£	12,125	9,352
Gross Profit margin %	%	(5.8)	1.3
General Administrative %	% of sales	23.9	32.8

The Directors consider that performance against KPIs for the year as being acceptable, given the current situation in the ePayments Division. The decrease in Gross Margin % is directly related to the factory currently being underutilised. The company continues to refine its sales strategy and manage costs accordingly.

Future developments
Following the disposal of the Trusted Connected Devices division, the company will focus on the remaining Secure Transaction Services activities for the forseeable future.

Principal risks and uncertainties facing the Company
The Directors identify that the principal risk is the sustainability of the company, with this in mind decisions have been made to refocus the Sales strategy. This has resulted in various opportunities being identified with some new customers onboarded in Q4 of 2023 and other opportunities that should provide growth in the next 18 months.

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are reviewed regularly.

Risk management system
Our risk management system incorporates all the processes and organisational guidelines needed to identify, analyse, assess, and manage the Company's and the G+D Group's overall risk situation.

The degree of potential risk is quantified, and the probability of occurrence defined. GAAPS (G+D's Approach to Achieving Project Success) is a standard risk identification and evaluation procedure that is applied to customer business and associated risk across all divisions.

The Company has exposure to the following financial risks:

Credit risk
During 2023, the ongoing challenging credit environment has highlighted the importance of governance and management of credit risk. The Company's exposure to credit risk takes the form of a loss that would be recognized if counterparties failed to meet their payment obligations. Strict enforcement of the credit control policy ensures that the business minimises the risk of bad debt losses.

Interest rate and liquidity risk
The Company's financing costs may impact cash flow. However, exposure to this is low as there are no significant external borrowings or deposits which are linked to variable interest rates.

Foreign currency risk
The Company is highly affected by the movement in exchange rates, principally between the Euro and Sterling rates. The Company's transactions are maintained in Sterling and they make the majority of purchases in Euros. This can cause fluctuations year-on-year, and can lead to the Company making losses on contracts. Its margins are highly sensitive to forex fluctuations and the Company is looking into engaging in hedging techniques in future, leveraging the Corporate Treasury Department.

Operational risk
The Company's business is subject to securing and maintaining large, significant contracts. From time-to-time these contracts become due for renewal.

Personalisation of cards is performed under the strict guidelines and rules of VISA and MasterCard. Yearly audit reviews from a physical and logical aspect are held to uphold these high standards in order to successfully continue the Operation and give our valued Customers peace of mind.

Our purpose and approach to Decision making
The company is a subsidiary of Giesecke + Devrient GmbH and therefore all stakeholder engagement is linked to the wider G+D Group strategy, rather than individual company level. Decisions made by the Directors consider the G+D Group strategic goals and Code of Professional Conduct, which defines our principles of business conduct. Principal decisions made at local level include approval of Financial statements and dividend distribution at Board meetings, among others.

Our Employees
We recognise diversity, equality and inclusion and seek to have a workforce that is inclusive and reflective of the diversity of our stakeholders, including our shareholders, employees, customers, suppliers and the communities that we operate in. The Directors identify that employees are central to the success of the company. The company is committed to equal opportunities in employment and recruitment and promoting diversity of our workforce in respect of among others, disability, gender, race, age, sexual orientation, fixed our part time status.

Our Partners
As part of the G+D Group, the Directors and the company as a whole seek to build long-term relationships with our suppliers and customers to help them succeed. A critical part of doing business is partnering with others and we believe that partnerships are built on trust and mutual respect.

Community and Environment
The Directors consider climate change as a very important topic and continued to work towards the Group strategy of zero single use plastic in our cards by 2030.

Shareholders
The company is a subsidiary of Giesecke + Devrient GmbH. The duties of the directors are exercised in a way that is most likely to promote the success of the company, the G+D Group as a whole, while having regard to the factors set out in Section 172(1)

Compliance management system
The purpose of the Company's compliance management system is to maintain Customer confidence in G+D GB. At the same time, it safeguards the Group's ongoing existence.

The compliance management system is continually updated to satisfy new legal requirements and to reflect G+D' GB's current risk profile which at the same time it safeguards.

On behalf of the board

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J M L Knox
Director
Date: 20th December 2024 .

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE +DEVRIENT MOBILE SECURITY GB LTD)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

Giesecke+Devrient ePayments UK Ltd (formally Giesecke+Devrient Mobile Security GB Ltd) is a trusted partner to the customers in the public and private sectors, supplying products and solutions for the following markets:

- Cards (magnetic stripe, smart, and dual interface cards) and complex system solutions for safeguarding electronic transactions and data, particularly in the fields of telecommunications and electronic payment.
- Security related solutions for governments and public authorities, such as identification and travel documents, ID and healthcare cards, e-government solutions and IT security, and contactless cards for public transport.
- Solutions provider for secure products, software and trusted services.

On 16 October 2023 the Company changed its name from Giesecke+Devrient Mobile Security GB LTD.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2022: £nil). The directors do not recommend payment of a final dividend.

Directors

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

F E Baumgartner	(Appointed 1 February 2023)
M Berger-Perrin	(Appointed 1 February 2023 and resigned 31 January 2024)
G M P Bugat	
J M L Knox	(Appointed 1 May 2023)
A Lange	(Resigned 1 May 2023)
G Parletta	(Appointed 14 February 2024)
Y Zhang	(Resigned 1 February 2023)

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 each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The Company has chosen in accordance with Companies Act 2006, s414C(11) to set out the company's strategic report information required by Large and Medium sized Companies (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of future developments, principal risks and uncertainties risk management.

On behalf of the board

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J M L Knox

Director

Date: 20th December 2024

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE +DEVRIENT MOBILE SECURITY GB LTD)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

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). 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;
- 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. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE+DEVRIENT MOBILE SECURITY GB LTD)

Opinion

We have audited the financial statements of Giesecke+Devrient ePayments UK Ltd (Formerly Giesecke+Devrient Mobile Security GB Ltd) (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls and existence and cut off of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates, testing invoices raised around the year end and throughout the year.

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

Use of our report

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.

RSM UK Audit LLP

Jonathan Da Costa FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN
20/12/24

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE+DEVRIENT MOBILE SECURITY GB LTD)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Continuing operations £	Discontinued operations £	31 December 2023 £	Continuing operations £	Discontinued operations £	31 December 2022 £
Revenue	3	5,293,653	6,830,910	12,124,563	2,942,632	6,409,316	9,351,948
Cost of sales		(7,473,450)	(5,357,545)	(12,830,995)	(4,573,582)	(4,658,653)	(9,232,235)
Gross (loss)/profit		(2,179,797)	1,473,365	(706,432)	(1,630,950)	1,750,663	119,713
Administrative expenses		(1,627,307)	(1,274,476)	(2,901,783)	(1,934,542)	(1,135,956)	(3,070,498)
Operating loss	7	(3,807,104)	198,889	(3,608,215)	(3,565,492)	614,707	(2,950,785)
Interest receivable	8	8,023	-	8,023	-	-	-
Finance costs	9	(264,480)	-	(264,480)	(96,870)	-	(96,870)
Profit/(loss) on disposal of operations	4	-	4,247,338	4,247,338	-	-	-
Profit/(loss) before taxation		(4,063,561)	4,446,227	382,666	(3,662,362)	614,707	(3,047,655)
Tax on profit/(loss)	10	166,923	-	166,923	127,053	-	127,053
Profit/(loss) for the financial year		(3,896,638)	4,446,227	549,589	(3,535,309)	614,707	(2,920,602)

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE +DEVRIENT MOBILE SECURITY GB LTD)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Non-current assets					
Intangible assets	11		-		803,052
Property, plant and equipment	12		714,219		564,404
			714,219		1,367,456
Current assets					
Inventories	13	1,141,137		703,677	
Trade and other receivables	14	7,110,186		3,755,401	
Cash and cash equivalents		27,940		480,400	
		8,279,263		4,939,478	
Current liabilities	15	(9,388,236)		(6,542,114)	
Net current liabilities			(1,108,973)		(1,602,636)
Total assets less current liabilities			(394,754)		(235,180)
Provisions for liabilities	16		(1,578,449)		(2,287,612)
Net liabilities			(1,973,203)		(2,522,792)
Equity					
Called up share capital	19		710,000		710,000
Retained earnings	20		(2,683,203)		(3,232,792)
Total equity			(1,973,203)		(2,522,792)

The notes on pages 12 to 25 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20/12/2024 and are signed on its behalf by:

....
J M L Knox
Director

GIESECKE+DEVRIENT EPAYMENTS UK LTD (FORMERLY GIESECKE +DEVRIENT MOBILE SECURITY GB LTD)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2022	710,000	(312,190)	397,810
Year ended 31 December 2022:			
Loss and total comprehensive income for the year	-	(2,920,602)	(2,920,602)
Balance at 31 December 2022	710,000	(3,232,792)	(2,522,792)
Year ended 31 December 2023:			
Profit and total comprehensive income for the year	-	549,589	549,589
Balance at 31 December 2023	710,000	(2,683,203)	(1,973,203)

1 Accounting policies

Company information
Giesecke+Devrient ePayments UK Ltd (Formerly Giesecke+Devrient Mobile Security GB Ltd) is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 1 Globe House, Westlinks, Alperton Lane, Wembley, Middlesex, HA0 1ER.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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 £1.

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

Reduced disclosures
This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Giesecke+Devrient ePaymants UK Ltd (formally Giesecke+ Devrient Mobile Security GB Ltd) is a wholly owned subsidiary of Giesecke+Devrient GmbH. The financial statements of Giesecke+Devrient ePayments UK Ltd (formally Giesecke+Devrient Mobile Security GB Ltd) are included in the consolidated financial statements of Giesecke+Devrient GmbH, which are available from its registered office Giesecke+Devrient GmbH, PO box 80 07 29, D-81607, Germany.

Going concern
Notwithstanding the net liabilities of £2.0m (2022: £2.5m), the Directors' assessment has considered trading up to the date of signing these financial statements and to date revenues have been slow to recover from the major customer loss. While the Directors expect the Company to continue to generate revenues, the slow recovery rate has meant there is an element of uncertainty over predicting what will happen in the future.

The Directors have also considered the uncertainty of future cash flows and reviewed 12 months cash flow forecasts until December 2025. This has been considered within the severe but plausible downside scenario. In the severe but plausible downside scenario considered, revenue has been forecasted to be 25% lower than the budgets up to December 2025.

1 Accounting policies (Continued)

Going concern (Continued)
The severe but plausible downside cash flow forecast indicates that the Company will not have sufficient funds to meet its liabilities as they fall due. Consequently, ongoing funding may be required from its ultimate parent company Giesecke+Devrient GmbH.

The immediate parent company, Giesecke+Devrient Mobile Security Germany GmbH, has indicated that it will provide financial support to the company to meet its liabilities during the forecast period if required. As the company is reliant on the continued support from immediate parent company the directors have assessed the intention and ability of Giesecke+Devrient Mobile Security Germany GmbH to continue to provide that support and concluded the support is available if required.

Consequently, the directors are confident that the company will have sufficient funds through funding from its immediate parent company to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revenue
Revenue represents the amounts (excluding value added tax) derived from the sale and card personalisation for chip and magstripe cards, the service and solution around the cards as well as the sale and maintenance of bank note processing systems, ancillary equipment and software and the provision of related support and maintenance services.

Revenue is recognised upon delivery of the chip and magstripe cards, the bank note processing systems, the ancillary equipment, and software. For the related support maintenance of the bank note processing systems, the turnover is recognised on provision of these services.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases. The Directors believe that the periods selected accurately reflect the useful lives of the assets.

Computer software	3 years
Customer list	10 years

Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Lower of remaining life of lease or the life of the asset
Plant and equipment	3-5 years
Computer equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (Continued)

Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and 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.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

1 Accounting policies (Continued)

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

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

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

1 Accounting policies (Continued)

Taxation (continued)
Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions
Provisions are recognised when the company has a legal or constructive present obligation 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 best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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 non-current 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.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1 Accounting policies (Continued)

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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 discussed below:

Intangible assets
Intangible assets acquired separately from a business are recognised at cost and are subsequently amortised over their estimated useful economic life. The valuation of customer lists purchased in 2018 from a fellow Group subsidiary was performed by a third-party professional valuer. The estimates and judgements in their valuation included expected growth rates, attrition rates and discount rates. These valuation assumptions are inherently subjective and may in future not prove to be accurate. During the year, the intangible assets were transferred to a fellow group company (see note 4).

Dilapidation Provision
The dilapidation provision represents the estimated cost to return the building back to its original state. The provision has been determined by a third-party property specialist.

3 Revenue

	2023	2022
	£	£
Revenue analysed by class of business		
Secure Transaction Services (STS)	5,293,653	2,916,750
Trusted Connected Devices (TCD)	6,830,910	6,435,198
	12,124,563	9,351,948

3 Revenue (Continued)

	2023	2022
	£	£
Revenue analysed by geographical market		
UK and Ireland	7,385,146	6,088,150
Europe	3,785,849	2,097,623
Rest of the World	953,568	1,166,175
	12,124,563	9,351,948

4 Profit on disposal of operations

On 1 October 2023 the Company sold the Trusted Connected Devices division to a new Group company, Giesecke+Devrient Mobile Security TCD UK Ltd. The net liabilities associated with the new division totalling £373,664 were sold for a cash consideration of £3,874,674.

5 Employees

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

	2023	2022
	Number	Number
Directors	4	3
Engineers and Support	78	79
Total	82	82

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	4,362,256	4,293,045
Social security costs	580,530	551,770
Pension costs	522,842	505,817
	5,465,628	5,350,632

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	129,655	-
Company pension contributions to defined contribution schemes	15,085	-
	144,740	-

6 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 0).

7 Operating loss

	2023	2022
Operating loss for the year is stated after charging:	£	£
Exchange differences apart from those arising on financial instruments *measured at fair value through profit or loss*	29,256	-
Fees payable to the company's auditor for the audit of the company's financial statements	56,280	53,500
Depreciation of owned property, plant and equipment	313,819	315,526
Amortisation of intangible assets	100,381	133,842
Cost of inventories recognised as an expense	6,337,653	4,265,637
Operating lease charges	512,880	512,880

8 Interest receivable

	2023	2022
	£	£
Interest income		
Interest receivable from group companies	5,479	-
Other interest income	2,544	-
Total income	8,023	-

9 Finance costs

	2023	2022
	£	£
Interest on bank overdrafts and loans	23,331	10,896
Interest payable to group undertakings	241,099	85,974
Other interest on financial liabilities	50	-
	264,480	96,870

10 Taxation

	2023	2022
	£	£
Current tax		
Adjustments in respect of prior periods	15,755	-
Group tax relief	(137,618)	(395,129)
Total current tax	(121,863)	(395,129)
Deferred tax		
Origination and reversal of timing differences	-	(11,356)
Adjustment in respect of prior periods	(45,060)	279,432
Total deferred tax	(45,060)	268,076
Total tax credit	(166,923)	(127,053)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2023	2022
	£	£
Profit/(loss) before taxation	382,666	(3,047,655)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	90,003	(579,054)
Tax effect of expenses that are not deductible in determining taxable profit	32,134	101,729
Tax effect of income not taxable in determining taxable profit	(998,997)	-
Change in unrecognised deferred tax assets	791,443	299,412
Adjustments in respect of prior years	15,755	-
Effect of change in corporation tax rate	-	(2,725)
Permanent capital allowances in excess of depreciation	29,364	-
Deferred tax adjustments in respect of prior years	(45,060)	286,432
Other tax adjustments	(1,978)	18,395
Remeasurement of deferred tax for changes in tax rates	(43,081)	-
Deferred tax transfers	(36,506)	-
Group relief surrendered/(claimed)	137,618	143,887
Payment /(receipt) of group relief	(137,618)	(395,129)
Taxation credit for the year	(166,923)	(127,053)

10 Taxation (Continued)

Deferred tax has not been recognised on losses as there is not sufficient future taxable profits to offset the losses.

The corporation tax rate increased to 25% from 1 April 2023. Where deferred tax is recognised, it is at a rate *of 25% in the current and prior period.*

11 Intangible fixed assets

	Computer software	Customer list	Total
	£	£	£
Cost			
At 1 January 2023	383,426	1,338,420	1,721,846
Disposals	(383,426)	(1,338,420)	(1,721,846)
At 31 December 2023	-	-	-
Amortisation and impairment			
At 1 January 2023	383,426	535,368	918,794
Amortisation charged for the year	-	100,381	100,381
Disposals	(383,426)	(635,749)	(1,019,175)
At 31 December 2023	-	-	-
Carrying amount			
At 31 December 2023	-	-	-
At 31 December 2022	-	803,052	803,052

12 Property, plant and equipment

	Leasehold improvements	Plant and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2023	3,719,346	6,276,017	850,948	10,846,311
Additions	-	455,408	8,226	463,634
At 31 December 2023	3,719,346	6,731,425	859,174	11,309,945
Depreciation and impairment				
At 1 January 2023	3,560,456	5,876,242	845,209	10,281,907
Depreciation charged in the year	76,533	232,238	5,048	313,819
At 31 December 2023	3,636,989	6,108,480	850,257	10,595,726
Carrying amount				
At 31 December 2023	82,357	622,945	8,917	714,219
At 31 December 2022	158,890	399,775	5,739	564,404

13 Inventories

	2023	2022
	£	£
Maintenance and service consumables	1,141,137	703,677

14 Trade and other receivables

	2023	2022
Amounts falling due within one year:	£	£
Trade receivables	1,009,192	1,867,147
Corporation tax recoverable	709,272	584,869
Amounts owed by group undertakings	4,497,941	449,205
Other receivables	128,190	82,185
Prepayments and accrued income	492,979	507,941
	6,837,574	3,491,347
Deferred tax asset (note 17)	272,612	264,054
	7,110,186	3,755,401

Amounts owed by group undertakings are unsecured and are repayable on demand.

15 Current liabilities

	2023	2022
	£	£
Trade payables	25,464	371,891
Amounts owed to group undertakings	8,569,267	4,898,912
Taxation and social security	164,392	297,163
Accruals and deferred income	629,113	974,148
	9,388,236	6,542,114

Included within amounts owed to group undertakings is a loan with a principal value of £7,900,000 which is repayable on 31 December 2024. The loan incurs interest at a fixed rate of 1.61% above SONIA. The remaining balance within amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

16 Provisions for liabilities

	2023	2022
	£	£
Other provisions	574,859	560,719
Dilapidation provision	1,003,590	1,726,893
	1,578,449	2,287,612

16 Provisions for liabilities (Continued)

Movements on provisions:

	Other provisions	Dilapidation provision	Total
	£	£	£
At 1 January 2023	560,719	1,726,893	2,287,612
Additional provisions in the year	14,140	-	14,140
Utilisation of provision	-	(32,546)	(32,546)
Transfers	-	(690,757)	(690,757)
At 31 December 2023	574,859	1,003,590	1,578,449

The dilapidations provision represents the estimated future costs to restore the building to its original condition at the end of the lease period.

During the year, part of the dilapidations provision was transferred as part of the disposal of operations (as detailed in note 4), which represents the section of the property used by the Trusted Connected Devices division.

The other provision represents a Deferred Compensation scheme held for certain employees. This is realised as per agreed draw down terms with employees on retirement or earlier if required.

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2023	Assets 2022
Balances:	£	£
Accelerated capital allowances	272,612	264,054

	2023
Movements in the year:	£
Asset at 1 January 2023	(264,054)
Credit to profit or loss	(45,060)
Transfer on disposal	36,502
Asset at 31 December 2023	(272,612)

Based on current capital investment plans, the Company expects capital allowances to exceed depreciation in future years. Deferred tax is measured on a non-discounted basis at the rates and laws substantively enacted at the balance sheet date.

18 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	522,842	505,817

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.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

19 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
Ordinary shares of £1000 each	710	710	710,000	710,000

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company

20 Reserves

Retained earnings
Cumulative profit and loss of the company, net of distributions to owners

21 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	751,820	657,845
Between one and five years	-	751,820
	751,820	1,409,665

22 Events after the reporting date

On 30 October 2024, the company extended the repayment date of the intercompany loan with Giesecke +Devrient GmbH of £7,900,000 from 31 December 2024 to 31 December 2025. All other terms remained unchanged. On the same date, the loan facility was increased by £5,600,000, also repayable on 31 December 2025. These are considered to be non-adjusting post balance sheet events.

23 Related party transactions

23 Related party transactions (Continued)

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a Group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that Group.

Cost recharges of £220,716 (2022: £373,398) were made to Veridos GmbH. At the balance sheet date, £16,600 (2022: £54,934) was due from Veridos GmbH, a fellow group company.

24 Ultimate controlling party

The company's immediate parent undertaking is Giesecke+Devrient Mobile Security Germany GmbH, a company registered in Germany.

The company's ultimate parent undertaking is MC Familenges mbH, a company registered in Germany. Giesecke+Devrient GmbH is the parent of both the largest and smallest group in which the results of the company are consolidated. A copy of the financial statements are available from Prinzregentenstr. 159, 81677 Muenchen, Germany.