Company Registration No. 03402266 (England and Wales)

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

Directors	G Bugat A Lange Y Zhang
Secretary	J Knox
Company number	03402266
Registered office	Globe House Unit 1 Westlinks Alperton Lane Wembley Middlesex HA0 1ER
Auditor	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guilford Surrey GU1 1UN

The Directors present the strategic report of Giesecke+Devrient Mobile Security GB Ltd ("the Company" or "GDGBMS") for the year ended 31 December 2021.

Business Review and development and performance of the Company's business during 2021

Giesecke+Devrient Mobile Security GB Limited total sales in 2021 decreased from £17.9m (2020) to £13.3m. The loss of major customer in the Secure Transaction Services division is the major factor in this decrease. The company is focused in obtaining new customers to replace the lost revenue. The Trusted Connected Devices division continues to show good growth in both SIM and Solution sales and expects further growth in the future.

Loss after tax increased from £1,371k (2020) to a loss after tax of £1,870k. This increase in loss was mainly due to the loss of the major STS customer affecting the gross profit, additionally the company provided £1,495k in dilapidation expenses. These relate to the returning the building back to its original state when the lease expires.

Future Developments

The Holding Company, Giesecke+Dverient GmBH, has decided to separate the Trusted Connected Devices division into a new Statutory entity. This will allow the division to focus on a more defined growth plan separate to the Secure Transaction Services division. Although there is no defined date for this split, it is expected that this will happen by Q4 2023

Going Concern

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 loss 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 till 31 December 2023. 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 31 December 2023.

The severe but plausible downside cash flow forecast indicates that the Company will have sufficient fund to meets its liabilities through funding from its ultimate parent company Giesecke+Devrient GmbH. The ultimate parent company, Giesecke+Devrient GmbH, has also indicated that it will provide financial support to the company to meet its liabilities during the forecast period. As the company is reliant on the continued support from ultimate parent company the directors have assessed the intention and ability of Giesecke+Devrient GmbH to continue to provide that support.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds through funding from its ultimate 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 performance indicators ("KPIs") which are considered appropriate for the Company's activities.

The Company's performance against KPIs for the year ended 31 December 2021 is set out as follows:

KPIs :		2021	2020
Turnover in 000's	£	13,341	17,912
Gross Profit margin	%	12.3	17.0
General Administrative	%	27.8	26.1

The Directors consider that performance against KPIs for the year as being acceptable, given the loss of the major customer and the negative trends associated with 2021.

Principal risks and opportunities facing the Company
The Directors identify that the principal risk is the sustainability of the Secure Transaction Division, with this in mind decisions have been made refocus the Sales strategy. This has resulted in various opportunities being identified with new customers which 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 risks:

Credit risk
During 2021, 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 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.

Compliance management system
The purpose of the Company's compliance management system is to maintain Customer confidence in G+D. 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's current risk profile which at the same time it safeguards.

By order of the Board

J Knox

Secretary

Date : 5th December 2022

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities
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.

Directors

G Bugat	Appointed 27 January 2021
A Lange	
Y Zhang	Appointed 27 January 2021
C Ahrens	Resigned 27 January 2021
C Bellsolell	Resigned 27 January 2021

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

No rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

Results and dividends
There were no dividends were paid during the 2021 year.

Auditor
RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they are re-appointed will be put to a General Meeting.

Statement of disclosure to auditor
The Directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Political donations
The Company made no political donations and incurred no disclosable political expenditure during the current or prior year

Supplier payment policy
The Company aims to maintain good relations with all its trading partners. In particular, it is the Company's policy to pay its suppliers in accordance with terms and conditions agreed at inception of contract. At 31 December 2021, the number of days of annual purchases represented by trade creditors amounted to 38 days (2020: 57 days).

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 principal activities, future developments, principal risks and uncertainties and financial risk management.

By order of the Board

J Knox

Secretary

Date : 5th December 2022

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

DIRECTORS' RESPONSIBILITES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. 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.

Opinion

We have audited the financial statements of Giesecke + Devrient Mobile Security Limited (the 'company') for the year ended 31 December 2021 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 2021 and of its loss 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

Other information (continued)

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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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: http://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
Date : 14/12/2022

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 As restated £
Revenue	4	13,341,052	17,911,638
Cost of sales		(11,703,195)	(14,874,872)
Gross profit		1,637,857	3,036,766
Administrative expenses		(3,710,920)	(4,665,348)
Operating (loss)/profit	6	(2,073,063)	(1,628,582)
Interest receivables and similar income	8	-	2,106
Interest payable and similar expense	9	(6,347)	(32,055)
(Loss)/profit before taxation		(2,079,410)	(1,658,531)
Tax on (loss)/profit	10	209,905	287,816
(Loss)/profit for the financial year		(1,869,505)	(1,370,715)

The prior year comparative financial information for the year ended 31 December 2020 has been restated (see note 3)

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

Company Registration No. 03402266

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Non-current assets					
Intangible assets	11		936,894		1,070,736
Property, plant and equipment	12		740,237		919,298
			1,677,131		1,990,034
Current assets					
Inventories	13	442,336		485,858	
Trade and other receivables	14	4,392,148		4,769,736	
Cash at bank and in hand		501,948		441,137	
		5,336,432		5,696,731	
Creditors : falling due within one year	15	(4,348,929)		(4,623,540)	
Net current assets			987,503		1,073,191
Total assets less current liabilities			2,664,634		3,063,225
Provisions for liabilities	16		(2,266,824)		(795,910)
Net assets			397,810		2,267,315
Equity					
Called up share capital	20		710,000		710,000
Retained earnings	21		(312,190)		1,557,315
Total equity			397,810		2,267,315

The accompanying notes on pages 16 to 31 form part of these financial statements.

The prior year comparative financial information for the year ended 31 December 2020 has been restated (see note 3)

The financial statements were approved by the board of Directors and authorised for issue on 5th December 2022 and are signed on its behalf by:

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A Lange
Director

GIESECKE+DEVRIENT MOBILE SECURITY GB LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2020 : (as reported)	**20**	710,000	3,061,872	3,771,872
Prior year adjustment	**3**		(133,842)	(133,842)
Balance at 1 January 2020 (restated)		710,000	2,928,030	3,638,030
Year ended 31 December 2020: (as restated)				
Profit and total comprehensive income for the year (as restated)		-	(1,370,715)	(1,370,715)
Dividends Paid		-	-	-
Balance at 31 December 2020 (as restated)	**20**	710,000	1,557,315	2,267,315
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	(1,869,505)	(1,869,505)
Dividends Paid		-	-	-
Balance at 31 December 2021	**20**	710,000	(312,190)	397,810

1. Accounting Policies

Company information
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 Globe House Unit 1, 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" 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 under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced Disclosure
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 Mobile Security GB Ltd is a wholly owned subsidiary of Giesecke+Devrient GmbH. The financial statements of 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
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 loss 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, including the impact of the slow sales recovery on 12 months cash flow forecasts till 31 December 2023. 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 31 December 2023.

The severe but plausible downside cash flow forecast indicates that the Company will have sufficient fund to meets its liabilities through funding from its ultimate parent company Giesecke+Devrient GmbH. The ultimate parent company, Giesecke+Devrient GmbH, has also indicated that it will provide financial support to the company to meet its liabilities during the forecast period. As the company is reliant on the continued support from ultimate parent company the directors have assessed the intention and ability of Giesecke+Devrient GmbH to continue to provide that support.

1. Accounting Policies (Continued)

Going concern (continued)
As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds through funding from its ultimate 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:

Computer software	3 years
Customer Contracts	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
Technical 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 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

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.

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.

1. Accounting Policies (Continued)

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.

Other financial assets
Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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, bank loans, loans from fellow Group companies and preference shares that are classified as debt, 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.

1. Accounting Policies (Continued)

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 direct issue 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.

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.

1. Accounting Policies (Continued)

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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 expenses 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 leased asset are consumed.

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.

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. Prior period adjustment

Changes to the statement of financial position

	Balance reported at 1 Jan 2020 £	Adjustment	Balance as restated	Balance reported at 31 Dec 2020	Adjustment	Balance as restated
Intangible Assets	1,338,420	(133,842)	1,204,578	1,338,420	(267,684)	1,070,736
Retained Earnings	3,061,872	(133,842)	2,928,030	1,824,999	(267,684)	1,557,315

Changes to the income statement

Period ended 31 December 2020

	Balance reported at 31 Dec 2020	Adjustment	Balance as restated
Administration	(4,531,506)	(133,842)	(4,665,348)

On the 19 December 2018, the Company purchased a customer list from Giesecke+Devrient Mobile Security Sweden AB for a total consideration of £1,338,420 which was equal to the fair value. The customer contracts that were in place at the time of the transaction were transferred to Giesecke+Devrient Mobile Security GB. It has come to light that this Intangible asset should have been amortised over its useful life. A prior period adjustment has been made this year to recognising the useful economic life of 10 years.

The amortisation of the intangible asset is now recognised in the Administration expenses within the statement of comprehensive income.

4. Revenue

An analysis of the Company's revenue is as follows

	2021 £	2020 £
Revenue analysed by class of business		
Mobile security	13,341,052	17,911,638

	2021 £	2020 £
UK and Ireland	11,010,249	16,577,126
Europe	1,653,007	967,492
Rest of the world	677,796	367,020
	13,341,052	17,911,638

5. Employees

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

	2021 Number	2020 Number
Directors	3	3
Engineers and Support	96	122
	99	125

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages & Salaries	4,418,307	5,805,166
Social security costs	487,846	529,077
Pension costs	491,662	501,372
	5,397,815	6,835,615

The Directors are not remunerated by the Company, and are instead remunerated by the parent Company, Giesecke + Devrient GmbH. The Company was charged by its group in respect of the services provided by its Directors during the year £96,697 (2020: £60,000).

6. Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging:	2021 £	2020 restated £
Depreciation of property, plant and equipment	368,666	425,930
Amortisation of intangible assets	133,842	133,842
Cost of inventories recognised as an expense	4,972,239	6,803,714
Operating lease charges	475,000	475,000

7. Auditors remuneration

	2021	2020
Fees payable to the Company's auditor:	£	£
For audit services		
Audit of the financial statements of the company	47,000	35,000

8. Interest receivables and similar income

	2021	2020
	£	£
Interest Income		
Interest receivable from group companies	-	2,106
Rest of the world	-	-
	-	2,106

9. Interest payable and similar expense

	2021	2020
	£	£
Interest on bank overdrafts and loans	3,921	6,233
Interest payable to group undertakings	5,409	-
Exchange differences on financing transactions	(2,983)	25,822
	6,347	32,055

10. Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on (loss)/profits	-	(174,937)
Adjustments in respect of prior periods	(27,005)	56,347
Total current tax	(27,005)	(118,590)

	2021 £	2020 £
Deferred tax		
Origination and reversing timing differences	(110,844)	(114,744)
Changes in tax rates	(87,394)	(24,683)
Adjustments in respect of prior periods	15,338	(29,799)
Total current tax	(182,900)	(169,226)
Total tax charge	(209,905)	(287,816)

The total tax charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the effective rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(2,079,409)	(1,658,531)
Expected tax charge based on the effective rate of corporation tax in the UK of 19%% (2020: 19%)	(395,088)	(315,121)
Tax effect of expenses that are not deductible in determining taxable profit	(69,340)	55,594
Adjustments in respect of prior years	(27,005)	56,347
Deferred tax adjustments in respect of prior years	15,338	(29,799)
Other tax adjustments	(8,530)	(30,154)
Effect of changes in rates	(266,767)	(24,683)
Deferred tax not recognised	541,487	-
Taxation charge for the year	(209,905)	(287,816)

The tax rate for the current year is the same as the prior year.

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

In the March 2022 Budget it was announced that the UK tax will increase to 25% from 1 April 2023. This will have a consequential effect on the company's tax rate . The company's deferred tax liability as at 31December 2021 has been calculated on this basis.

11. Intangible fixed assets

	Computer software	Customer list	Total
	£	£	£
Cost			
At 1 January 2021 (as restated)	383,426	1,338,420	1,721,846
At 31 December 2021	383,426	1,338,420	1,721,846
Amortisation and impairment			
At 1 January 2021 (as restated)	383,426	267,684	651,110
Amortisation charged for the year	-	133,842	133,842
At 31 December 2021	383,426	401,526	784,952
Carrying amount			
At 31 December 2021	-	936,894	936,894
At 31 December 2020 (as restated)	-	1,070,736	1,070,736

12. Property, plant and equipment

	Leasehold improveme	Technical equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	3,719,346	6,737,626	858,846	11,315,818
Additions	-	192,604	-	192,604
Disposals	-	(787,117)	(14,687)	(801,804)
At 31 December 2021	3,719,346	6,143,113	844,159	10,706,618
Depreciation and impairment				
At 1 January 2021	3,331,768	6,268,558	796,194	10,396,520
Depreciation charged in the year	139,236	187,389	42,041	368,666
Eliminated in respect of disposals		(787,117)	(11,688)	(798,805)
At 31 December 2021	3,471,004	5,668,830	826,547	9,966,381
Carrying amount				
At 31 December 2021	248,342	474,283	17,612	740,237
At 31 December 2020	387,578	469,068	62,652	919,298

13. Inventories

	2021 £	2020 £
Maintenance and service consumables	442,336	485,858

14. Trade and other receivables

	2021 £	2020 £
Trade Receivables	3,000,685	3,190,261
Corporation tax receivable	189,740	162,735
Amounts owed by Group undertakings*	456,485	818,100
Other receivables	27,188	-
Prepayments and accrued income	185,920	249,410
	3,860,018	4,420,506
Deferred tax (note 17)	532,130	349,230
	4,392,148	4,769,736

*Amounts owed by Group undertakings are interest free and repayable on demand

15. Current Liabilities

	2021 £	2020 £
Trade Payables	354,690	1,143,667
Amounts due to Group undertakings*	2,581,586	1,182,881
Other taxation and social security	225,260	960,970
Accruals and deferred income	1,187,393	1,336,022
	4,348,929	4,623,540

*Amounts due to Group undertakings are interest free and repayable on demand.

16. Provisions for Liabilities

	2021	2020
	£	£
Dilapidations provisions	1,745,422	250,000
Other provisions	521,402	545,910
	2,266,824	795,910

Movements on provisions:

	Dilapidation provisions	Other provisions	Total
	£	£	£
At 1 January 2021	250,000	545,910	795,910
Additional provisions in the year	1,495,422	(24,508)	1,470,914
Balance at 31 December 2021	1,745,422	521,402	2,266,824

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

The other provision represents amounts accrued in respect of employee savings in respect of salary, bonus and national insurance

17. Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021	2020
	£	£
Difference between accumulated depreciation and capital	532,130	276,745
Losses and other deductions	-	72,485
	532,130	349,230

17. Deferred taxation (continued)

	2021
	£
(Asset) at 1 January 2021	(349,230)
Charge to profit and loss	(189,900)
(Asset) at 31 December 2021	(539,130)

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

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution scheme	491,662	501,372

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

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid up		
710 Ordinary shares of £1,000 each	710,000	710,000

20. Reserves

	2021	2020
	£	£
Profit and loss reserves		
Cumulative profit and loss of the company, net of distributions to owners	(312,190)	1,557,315

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:

	2021 £	2020 £
Within one year	512,880	475,000
Between one and five years	1,409,665	802,945
	1,922,545	1,277,945

During the year £475,000 (2020: £475,000) was recognised as an expense in the Income Statement.

22. Related party transactions

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.

Sales of £126,050 (2020: Nil) were made to Veridos GmbH. At the balance sheet date, £16,343 (2020: Nil) was due from Veridos GmbH.

23. Controlling party

The immediate and ultimate parent company and ultimate controlling party is Giesecke+Devrient GmbH, a company registered in Germany. The largest Group in which the results of the Company are consolidated is that headed by Giesecke+Devrient GmbH. The consolidated accounts of this company can be obtained from Giesecke+Devrient GmbH, Prinzregentenstr. 159, 81677 Muenchen, Germany.