

Registration number: 03783939

IDEMIA UK Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2022

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IDEMIA UK Limited

Company Information

Directors	L Cassey H Mallet
Registered office	Alexandra Way Ashchurch Business Centre Tewkesbury Gloucestershire GL20 8GA
Auditor	Mazars LLP Two Chamberlain Square Birmingham B3 3AX

IDEMIA UK Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The Company is a wholly owned subsidiary of IDEMIA UK Holding Limited, part of the IDEMIA group of companies.

The principal activity of the Company is the sale of augmented identification products and services for financial institutions, mobile operators, governments and other organisations that need to guarantee secure, authenticated and verifiable transactions for their clients.

Fair review of the business

The Company's key performance indicators during the year were as follows:

	Unit	2022	2021	Change
Turnover	£000	81,424	81,280	144
Gross profit	%	9	7	2
Operating profit	£000	3,137	2,482	655
Profit before taxation	£000	4,002	2,873	1,129
Shareholders' funds	£000	38,962	42,915	(3,953)
Current assets as a % of current liabilities	%	184	205	(21)
Average number of employees	No.	320	291	29

Turnover is largely in line with the previous year. However, this is made up of an increase in bankcards, as one customer migrated from VISA to MasterCard, along with a decrease in business affected by the Russian/Ukraine conflict. There was an increase in the sale of card readers due to the customer request for increased volume. Card reader sales will return to normal levels in 2023. There was a continual increase in sales for the Digital business unit due to product evolution.

The increase in operating profits was due to the decrease in overhead expenditure, mainly relating to transport costs. The company continues to receive sufficient support from IDEMIA group. The company has remained resilient in 2022 despite the ongoing pandemic.

The business made a profit of £3,344,000 after tax, which was offset by actuarial losses and therefore shareholders' funds have decreased.

The defined benefit pension plan has a surplus of £5,720,000 at the end of 2022, compared to a surplus of £13,290,000 at the end of 2021. This reflects a higher discount rate causing the Plan's liabilities to reduce significantly combined with higher than expected inflation over the period. The Plan's assets decreased to £46,650,000 (2021, £74,880,000). The Plan's liabilities decreased to £39,930,000 (2021, £61,590,000).

Future developments

The Company has a stable customer base consisting largely of major banks, building societies and mobile network operators. The products and services of the Company are continuing to evolve in line with customer requirements for secure authentication and associated services. Sales growth and profitability in the coming years is likely to be steady, as the markets for the Company's products and services become increasingly mature.

IDEMIA UK Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Statement by the directors in performance of their statutory duties in accordance with s172(1) of Companies Act 2006

Guided by the Company's strategic drivers, the Company continues to create value for customers, employees, suppliers and shareholders.

We recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscientious about our responsibilities and duties to our stakeholders under section 172 of the Companies Act 2006. We adopt and apply the Company's 5 core values to all our responsibilities; Together, Curious, Caring, Daring and Trusted.

The customers

Our customers are the reason we exist. We continue to focus on providing customers with quality products at competitive prices.

The employees

We want the Company to be a great place to work, where employees are empowered to make decisions and can develop their skills and capabilities to serve our customers' needs. We also consider the interests of former employees who are members of a group pension scheme. Our colleagues rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best.

The communities

Our products, services and people are beneficial to the communities in which we operate. High standards of ethics and business conduct is an important part of being a responsible part of the communities in which we operate.

The environment

Our products, supply chain and operations all have an impact on the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage, and of resulting financial liability, in connection with our business. We continually seek out opportunities to improve our environmental performance and to contribute to the well-being and sustainability of the areas in which we operate.

The shareholders

We continue to create long-term, sustainable value for our shareholders, by investing in our competitiveness in our chosen markets.

The suppliers

We continue to strengthen the partnerships we have with our suppliers to deliver great quality products to our customers, at great value.

Principal risks and uncertainties

Russian/Ukraine Conflict

The recent conflict in Ukraine has limited direct impact on the business, as demand is significant enough to be redistributed within the current customer base. The revenue in 2022 was £400K (2021, £11.7M). Trade debt balances and cash movements with both Russia and Ukraine are not material to the company's performance. Indirect effects are primarily cost increases from energy and freight and underlying inflationary pressures.

IDEMIA UK Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Financial Risk Management

The Company's operations expose it to a variety of financial risks as detailed below. The Company seeks to limit the impacts of these risks by monitoring their impact and addressing each accordingly.

Foreign exchange risk

A small proportion of the Company's purchases and sales transaction are denominated in a foreign currency. The Company does not enter into forward contracts to hedge these transactions. Therefore, the Company is exposed to some foreign exchange risk.

Interest rate risk

The Company's net cash and certain of its group indebtedness attract interest at variable rates. The Company does not hedge its interest exposure and is therefore exposed to interest rate risk.

Counterparty risk

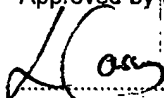
The Company has a largely 'blue chip' customer base of UK banks and mobile network operators, and therefore it considers that it has a limited exposure to possible bad debts. The overall market for its products and services, whilst competitive, is stable and unlikely to reduce in terms of overall demand. Significant barriers to entry make it difficult for a new competitor to enter these markets without large scale investment, in products, equipment and security.

Defined benefit pension risk

The Company continues to operate a defined benefit pension plan. The next full actuarial valuation of the pension plan is due as at 30 June 2023.

There are no other material exposures of the Company relating to credit, liquidity risk or cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit of the Company.

Approved by the Board on 17/07/23 and signed on its behalf by:



L Cassey
Director

IDEMIA UK Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their Directors' Report and the audited financial statements for the year ended 31 December 2022.

Results and dividend

The results for the Company are set out in the financial statements. The directors declared an interim dividend payment of £nil (2021 - £3,000,000). The directors do not recommend the payment of a final dividend (2021 - £nil)

Directors of the company

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

L Cassey

H Mallet

Future developments

Details of future developments are shown in the Strategic report.

Financial risk management

Financial risk management details are shown in the Strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development and principle risks and uncertainties, are set out in the Strategic Report. The directors are confident that the underlying business remains strong and will generate positive cash flows for the foreseeable future. The Company participates in the IDEMIA group centralised treasury arrangements, and so shares banking arrangements with its parent and fellow subsidiaries. The directors have received written confirmation from IDEMIA France SAS that they will, if required assist the Company in meeting its liabilities as and when they fall due for a period of at least 12 months from the signing of these financial statements. The directors have gained assurance that IDEMIA France is in a position to provide this support if required.

As a result, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the IDEMIA group to continue as a going concern, and have therefore prepared the accounts on a going concern basis.

Research and development

The Company carries out a limited amount of development in card personalisation systems. All costs incurred are charged to the income statement.

Employee engagement

The Company has a policy of delivering briefing sessions to all employees on a regular basis. These briefing sessions cover the ongoing financial performance of the business, as well as the future outlook and other matters that may be relevant or of interest to employees.

There is also an employee consultative forum consisting of elected representatives from all parts of the Company that meets monthly with management to discuss topical issues. At these meetings a free flow of information and ideas is expected and encouraged.

IDEMIA UK Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Employment of disabled persons

The Company offers equal opportunities in recruitment, training and promotion, and in terms and conditions of employment, without discriminating on grounds of sex, sexual orientation, religious belief, age, colour, ethnic or racial origin, nationality or disability.

Business relationships

The Company's business relationships with its key stakeholders are discussed in the *Statement by the directors in performance of their statutory duties in accordance with s172(1) of Companies Act 2006* in the Strategic report.

Environmental matters

All of the management and staff are proactive in reducing the environmental impact of the Company. The Company is committed to complying with all relevant environmental legislation and actively seeks to prevent pollution by a process of continual improvement. It operates a successful recycling policy with the principles of reduction, reuse and recycling of all waste streams. It also has an energy monitoring system designed to identify usage, enabling it to implement and review energy reduction programmes. The Company is certified to ISO 14001:2015 environmental management standard. All employees are made aware of the Company's commitment to protecting the environment through training and regular communications.

Streamlined energy and carbon reporting

IDEMIA UK Limited aims to improve environmental performance and drive the reduction of energy use, emissions, and waste. The figures published below on energy performance meet the SECR (Streamline Energy Carbon Reporting) requirements.

	2022		2021	
	kWh	Tonnes of CO2e	kWh	Tonnes of CO2e
Scope 1: Combustion of gas	1,145,716	209.00	848,475	162.40
Scope 2: Purchased electricity, UK grid	2,036,242	411.50	1,937,483	421.50
		<u>620.50</u>		<u>583.90</u>

The directors believe the most relevant Intensity factor is CO2 emissions per £1m of revenue: in the year to 31 December 2022 revenue was £81.4m (2021 - £81.3m) and this ratio was 7.6 (2021 - 7.2) tonnes.

The figures used in collating this report were calculated and analysed by Catalyst Commercial Services Limited.

The energy focus in 2022 was the commission of data collection across all office location to provide visibility and track energy performance across the business. The objective for 2022 was to develop a long-term carbon reduction plan by identifying opportunity for energy reduction.

During the year, the Company undertook the following energy efficiency actions:

- Replaced all LED lighting in the Bureau production area and loading bay;
- Proposal to replace current warehouse lighting with energy efficient LED lighting;
- Catalyst energy monitoring supporting IDEMIA in house energy metering technology (EMS) system;

IDEMIA UK Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Streamlined energy and carbon reporting (continued)

- Up to 50% of business electrical energy provided by renewable sources;
- Maintain waste to landfill free operations with current waste contract provider – 291 tonnes recycled and
- Water savings per year – 40,000 gallons of water per urinal = 200,000 of water saved per annum.

The Company's goals include reducing the environmental impact of the business through ESOS.

During 2022 the Company is developing a long-term energy reduction plan that aligns with the long-term Government ambitious target of 68% reduction by 2030 and carbon neutral by 2050.

Human Rights and Modern Slavery

The IDEMIA group is a signatory to the Ten Principles of the UN Global Compact, the world's largest voluntary corporate citizenship initiative, embracing and enacting a set of core values in respect of human rights, labour practices, anti-corruption and the environment. In accordance with its pledge to the UN Global Compact, IDEMIA supports and respects the protection of internationally proclaimed human rights and is committed to ensuring that through its own operations, its products and its supply chain it avoids complicity in human rights abuses. IDEMIA promotes the respect of human rights throughout its sphere of influence.

The IDEMIA group Modern Slavery Statement outlines the steps that IDEMIA has taken to minimize the risks of modern slavery in its operations and supply chains in 2022.

Political and Charitable donations

The Company made no political contributions during the year. Donations to UK schools and charities amounted to £16,545 (2021: £12,516).

Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Appointment of auditor

Mazars LLP have confirmed their willingness to continue in office as auditor and will be re-appointed accordingly, in accordance with s485 of the Companies Act 2006.

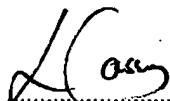
IDEMIA UK Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report.

Approved by the Board on 17/07/23 and signed on its behalf by:



L Cassey
Director

IDEMIA UK Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report to the Members of IDEMIA UK Limited

Opinion

We have audited the financial statements of IDEMIA UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Independent Auditor's Report to the Members of IDEMIA UK Limited (continued)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 and 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 Statement of Directors' Responsibilities set out on page 9, 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 the financial statements. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

Independent Auditor's Report to the Members of IDEMIA UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent Auditor's Report to the Members of IDEMIA UK Limited (continued)

Use of the audit 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.

Jennifer Birch

.....
Jennifer Birch (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

Jul 17, 2023
Date:.....

IDEMIA UK Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover		81,424	81,280
Cost of sales		<u>(73,896)</u>	<u>(75,280)</u>
Gross profit		7,528	6,000
Distribution costs		(674)	(558)
Administrative expenses		(3,717)	(2,986)
Other operating income	5	<u>-</u>	<u>26</u>
Operating profit	6	3,137	2,482
Interest receivable	10	1,392	764
Interest payable	11	<u>(527)</u>	<u>(373)</u>
Profit before tax		4,002	2,873
Tax on profit	12	<u>(658)</u>	<u>(826)</u>
Profit for the year		<u><u>3,344</u></u>	<u><u>2,047</u></u>

The above results were derived from continuing operations.

IDEMIA UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Profit for the year		3,344	2,047
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on pension fund	24	(9,730)	10,210
Deferred tax on actuarial (loss)/gain	12	2,433	(2,639)
		(7,297)	7,571
Total comprehensive income for the year		(3,953)	9,618

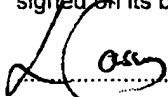
IDEMIA UK Limited

(Registration number: 03783939)

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	13	5,135	5,228
Tangible assets	14	4,019	4,090
Right of use assets	15	2,110	2,174
Investments	16	5	5
		<u>11,269</u>	<u>11,497</u>
Current assets			
Stocks	17	6,208	3,215
Debtors	18	51,596	44,870
Cash at bank and in hand		302	292
		<u>58,106</u>	<u>48,377</u>
Creditors: Amounts falling due within one year	19	<u>(31,550)</u>	<u>(23,607)</u>
Net current assets		<u>26,556</u>	<u>24,770</u>
Total assets less current liabilities		<u>37,825</u>	<u>36,267</u>
Creditors: Amounts falling due after more than one year	20	<u>(2,101)</u>	<u>(2,420)</u>
Provisions for liabilities	23	<u>(2,482)</u>	<u>(4,222)</u>
Net assets excluding pension asset		<u>33,242</u>	<u>29,625</u>
Net pension asset	24	<u>5,720</u>	<u>13,290</u>
Net assets		<u><u>38,962</u></u>	<u><u>42,915</u></u>
Capital and reserves			
Called up share capital	25	21,605	21,605
Profit and loss account		<u>17,357</u>	<u>21,310</u>
Shareholders' funds		<u><u>38,962</u></u>	<u><u>42,915</u></u>

The financial statements were approved and authorised for issue by the Board on 17/07/23 and signed on its behalf by:



 L Cassey
 Director

The notes on pages 18 to 46 form an integral part of these financial statements.

IDEMIA UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	21,605	21,310	42,915
Profit for the year	-	3,344	3,344
Other comprehensive income	-	(7,297)	(7,297)
Total comprehensive income	-	(3,953)	(3,953)
At 31 December 2022	21,605	17,357	38,962

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	21,605	14,692	36,297
Profit for the year	-	2,047	2,047
Other comprehensive income	-	7,571	7,571
Total comprehensive income	-	9,618	9,618
Dividends	-	(3,000)	(3,000)
At 31 December 2021	21,605	21,310	42,915

The notes on pages 18 to 46 form an integral part of these financial statements.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in England.

The address of its registered office is:

Alexandra Way
Ashchurch Business Centre
Tewkesbury
Gloucestershire
GL20 8GA

The financial statements of IDEMIA UK Limited for the year ended 31 December 2022 were authorised for issue by the Board of directors onand the balance sheet was signed on the Board's behalf by L.Cassey.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation and Statement of Compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, and in accordance with, the Companies Act 2006.

The Company's financial statements are presented in pounds Sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

Departures from Companies Act requirements

Under IFRS 3 Business Combinations, goodwill is not amortised, but is reviewed for impairment on an annual basis. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. However, the departure is necessary in order to comply with the requirements of IFRS 3. The Company has therefore invoked a 'true and fair view' override to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill from October 1999, a period of 20 years would have been chosen as its useful economic life. Without this change of policy retained earnings would be £5,015,000 (2021: £5,015,000) lower than reported in the balance sheet.

Exemption from preparing group accounts

The financial statements contain information about IDEMIA UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, IDEMIA France SAS, a company incorporated in France.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development and principle risks and uncertainties, are set out in the Strategic Report. The directors are confident that the underlying business remains strong and will generate positive cash flows for the foreseeable future. The Company participates in the IDEMIA group centralised treasury arrangements, and so shares banking arrangements with its parent and fellow subsidiaries. The directors have received written confirmation from IDEMIA France SAS that they will, if required assist the Company in meeting its liabilities as and when they fall due for a period of at least 12 months from the signing of these financial statements. The directors have gained assurance that IDEMIA France is in a position to provide this support if required.

As a result, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the IDEMIA group to continue as a going concern, and have therefore prepared the accounts on a going concern basis.

Summary of disclosure exemptions

In these financial statements, the Company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3 - 'Business combinations'.
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more members of a group).
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers'.
- The requirements of paragraph 52 of IFRS 16 'Leases', the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.

Changes in accounting policy

There are no standards, interpretations and amendments effective for the first time from 1 January 2022 which have had a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the sale of augmented identification products, including payment, SIM and ID cards. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The Company also earns revenue from the provision of services relating to card personalisation. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The Company does not provide extended warranties for its goods and services. Any obligation for customer returns or refunds are recognised immediately. Payments are normally received 30-60 days after the performance obligation has been recognised.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

Revenue from the sale of payment cards: The main performance obligations to customers consist of the despatch of product. For specific payment card contracts the customers acknowledge deferred delivery on a bill and hold basis. For these contracts revenue is recognised when the payment cards are on hand and ready for personalisation. This is when the cards have been delivered from the group's overseas manufacturing sites and received into the secure vault at the Company's personalisation centre in the UK.

Revenue from personalisation services: The main performance obligations in contracts consist of the personalisation of payment cards.

Transaction price

The transaction price of fixed fee payment card contracts is determined by the fee specified in contract. The transaction price for personalisation service contracts is at rates specified in the contract.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Government grants

Grants from the government, including salary related furlough receipts, are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with any associated conditions and are recognised in the period to which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Finance income and costs policy

Finance income consists of income from cash investments and equivalents. Interest income is recognised in the profit and loss account when earned, using the effective interest method.

Finance costs consist of interest payable on borrowings calculated using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency transactions and balances

The Company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Fixed assets

Fixed assets are stated at historical cost in the balance sheet, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of fixed assets includes directly attributable incremental costs incurred in their acquisition and installation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives on a straight line basis. Estimated useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Asset class	Depreciation method and rate
Improvements to leasehold property	remaining life of the lease
Plant, machinery vehicles and computers	3 to 10 years
Fixtures, fittings and equipment	2 to 10 years

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Computer software licences are shown at historical cost. Computer software licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation in the year is largely declared within Cost of Sales.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software licences	3 to 5 years straight line basis

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiaries and associated undertakings are held at cost less accumulated impairment losses.

Impairment of non-financial assets, including assets in the course of construction

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Financial assets, largely consisting of trade and intercompany receivables, are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Financial asset - recognition and measurement (continued)

(b) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The company has no financial assets measured at fair value through profit or loss.

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Debtors or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For debtors, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all debtors. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets as described in the financial instruments policy above.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

The cost of finished goods comprises the costs incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit or loss account.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used).

Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases (continued)

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Fixed assets. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value. Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the Profit and Loss Account.

Dividends

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

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit pension asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The value of a net pension benefit asset is restricted to the present value of any amount the company expects to recover by way of refunds from the plan or reductions in the future contributions.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit or liability or asset.

Past-service costs are recognised immediately in profit or loss.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Recognition of the defined benefit pension surplus

The value of a net pension benefit asset recognised in the balance sheet is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions. Judgement is required to be exercised by management to assess the economic benefit available to the Company as a result of the pension surplus. The directors consider whether the Company has an unconditional right to the surplus taking into consideration if contributions are already being met from the scheme's excess assets and a whether a repayment to the Company is likely to be agreed in the future.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The directors have identified the following assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Defined benefit pension obligations

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management, together with the independent actuary, estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Please refer to note 24.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Sale of goods	55,939	58,849
Rendering of services	25,485	22,431
	<u>81,424</u>	<u>81,280</u>

The analysis of the company's turnover for the year by market is as follows:

	2022 £ 000	2021 £ 000
UK	77,052	64,374
Europe	4,372	16,906
	<u>81,424</u>	<u>81,280</u>

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2022 £ 000	2021 £ 000
Government grants	-	26

The Company received grant income, in respect of certain furloughed employees, from the UK Government under the Coronavirus Job Retention Scheme (CJRS).

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Operating profit

Arrived at after charging/(crediting):

	2022	2021
	£ 000	£ 000
Depreciation on fixed assets	897	813
Depreciation on right of use assets	497	453
Amortisation expense	97	118
Foreign exchange losses	355	159
Lease expenses - plant and machinery	75	62
Loss on disposal of tangible fixed assets	<u>136</u>	<u>53</u>

7 Auditor's remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>74</u>	<u>57</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	14,415	12,876
Social security costs	1,612	1,350
Pension costs	<u>1,434</u>	<u>1,284</u>
	<u>17,461</u>	<u>15,510</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	164	137
Others	<u>156</u>	<u>154</u>
	<u>320</u>	<u>291</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	99	91
Benefits in kind	1	1
Contributions paid to defined benefit schemes	5	64
	<u>105</u>	<u>156</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>1</u>

10 Interest receivable

	Note	2022 £ 000	2021 £ 000
Interest received from group undertakings		1,122	754
Net interest income on post employment benefits	24	<u>270</u>	<u>10</u>
		<u>1,392</u>	<u>764</u>

11 Interest payable

	Note	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings		399	243
Interest expense on leases	21	<u>128</u>	<u>130</u>
		<u>527</u>	<u>373</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Arising from origination and reversal of temporary differences	118	123
Arising from change in tax rates	-	200
Arising from pension scheme deficit	540	503
Total deferred taxation	658	826
Tax expense in the profit and loss account	658	826
Amounts recognised in other comprehensive income		
	2022 £ 000	2021 £ 000
Deferred tax on remeasurement of net defined benefit liability	(2,433)	2,639

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	4,002	2,873
Corporation tax at standard rate	760	546
Expenses not deductible	12	13
Group relief received for nil consideration	(234)	17
Deferred tax expense relating to changes in tax rates	-	200
Pension plan	130	120
Other temporary differences	(10)	(70)
Total tax charge	658	826

In the March 2021 budget, the Chancellor announced an increase in the corporation tax rate to 25% from 1 April 2023. This announcement was substantively enacted on 24 May 2021 and therefore deferred taxes at the balance sheet date are measured at the enacted tax rate of 25%.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Taxation (continued)

Deferred Tax

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Accelerated tax depreciation	-	(766)	(766)
Pension benefit obligations	-	(1,430)	(1,430)
Other items	96	-	96
	<u>96</u>	<u>(2,196)</u>	<u>(2,100)</u>
2021			
Accelerated tax depreciation	-	(632)	(632)
Pension benefit obligations	-	(3,323)	(3,323)
Other items	80	-	80
	<u>80</u>	<u>(3,955)</u>	<u>(3,875)</u>

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	(632)	(134)	-	(766)
Pension benefit obligations	(3,323)	(540)	2,433	(1,430)
Other items	80	16	-	96
	<u>(3,875)</u>	<u>(658)</u>	<u>2,433</u>	<u>(2,100)</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	(282)	(350)	-	(632)
Pension benefit obligations	(182)	(502)	(2,639)	(3,323)
Other items	54	26	-	80
	<u>(410)</u>	<u>(826)</u>	<u>(2,639)</u>	<u>(3,875)</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Intangible assets

	Goodwill £ 000	Software £ 000	Total £ 000
Cost			
At 1 January 2022	26,441	794	27,235
Additions	-	4	4
At 31 December 2022	26,441	798	27,239
Amortisation			
At 1 January 2022	(21,426)	(581)	(22,007)
Amortisation charge	-	(97)	(97)
At 31 December 2022	(21,426)	(678)	(22,104)
Carrying amount			
At 31 December 2022	5,015	120	5,135
At 31 December 2021	5,015	213	5,228

Goodwill relates to the purchase of the trade and assets of the UK part of the De La Rue Card Systems Division from De La Rue PLC on 15 October 1999.

Goodwill is assessed annually at a local level to determine if there is any indication that it may be impaired, which considers the relationship between the carrying value and the recoverable amount. The recoverable amount was determined based on a value-in-use calculation which requires the use of several assumptions. The calculation of the recoverable amount includes the cash flow projections for the next 5 year period, which has been based on financial budgets that have been approved at both a local and a group level. Cash flows beyond the detailed projections have been extrapolated using an estimated rate of growth of 2%. The other assumptions, including a discount rate of 9.1%, remain consistent with those disclosed within the Annual Report and financial statements of the ultimate parent entity. The Directors and management have considered and reasonably assessed any possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed their recoverable amount.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Tangible assets

	Improvements to leasehold property £ 000	Furniture, fittings and equipment £ 000	Assets in the course of construction £ 000	Plant, machinery and vehicles £ 000	Total £ 000
Cost					
At 1 January 2022	2,061	1,831	471	9,302	13,665
Additions	-	-	962	-	962
Disposals	-	-	-	(173)	(173)
Transfers between categories	64	32	(839)	743	-
At 31 December 2022	<u>2,125</u>	<u>1,863</u>	<u>594</u>	<u>9,872</u>	<u>14,454</u>
Depreciation					
At 1 January 2022	(1,852)	(1,730)	-	(5,993)	(9,575)
Charge for the year	(27)	(46)	-	(824)	(897)
Eliminated on disposal	-	-	-	37	37
At 31 December 2022	<u>(1,879)</u>	<u>(1,776)</u>	<u>-</u>	<u>(6,780)</u>	<u>(10,435)</u>
Carrying amount					
At 31 December 2022	<u>246</u>	<u>87</u>	<u>594</u>	<u>3,092</u>	<u>4,019</u>
At 31 December 2021	<u>209</u>	<u>101</u>	<u>471</u>	<u>3,309</u>	<u>4,090</u>

Contractual commitments for the acquisition of property, plant and equipment

Contractual commitments for the acquisition of Fixed assets were as follows:

	2022 £ 000	2021 £ 000
Plant, machinery, vehicles and equipment	<u>173</u>	<u>262</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Right of use assets

	Machinery £ 000	Property £ 000	Other £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	633	2,279	193	3,105
Additions	316	-	120	436
Disposals	-	-	(153)	(153)
At 31 December 2022	949	2,279	160	3,388
Depreciation				
At 1 January 2022	(365)	(418)	(148)	(931)
Charge for the year	(196)	(253)	(48)	(497)
Eliminated on disposal	-	-	150	150
At 31 December 2022	(561)	(671)	(46)	(1,278)
Carrying amount				
At 31 December 2022	388	1,608	114	2,110
At 31 December 2021	281	1,882	124	2,287

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Investments

	2022 £ 000	2021 £ 000
Investments in subsidiaries	-	-
Other investments	5	5
	<u>5</u>	<u>5</u>

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and registered office address	Proportion of ownership interest and voting rights held	
			2022	2021
IDEMIA UK Pension Trustee Limited	Dormant	England and Wales Alexandra Way, Ashchurch Business Centre, Tewkesbury, Gloucestershire, GL20 8GA	100%	100%

Other investments

Details of the other investments as at 31 December 2022 are as follows:

Name	Principal activity	Country of incorporation and registered office address	Proportion of ownership interest and voting rights held	
			2022	2021
Oberthur Technologies India Private Limited	Non-trading	India Khasra No:605, Behind Tata Telco Service Station, Rangpuri, Mahipalpur Extension, New Delhi-110037, India	0.28%	0.28%
PT. IDEMIA Technologies Indonesia (formerly PT. Oberthur Technologies Indonesia)	Non-trading	Indonesia The Landmark Center I Lantai 18, Tower A, Jl. Jenderal Sudirman No.1, South Jakarta Selatan 12910, Indonesia	1%	1%

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Stocks

	2022 £ 000	2021 £ 000
Raw materials and consumables	1,026	683
Finished goods and goods for resale	5,182	2,532
	<u>6,208</u>	<u>3,215</u>

The cost of Stocks recognised as an expense in the year amounted to £55,431,000 (2021 - £50,133,000). This is included within cost of sales.

During 2022 £Nil (2021 - £81,000) was charged to cost of sales in the profit and loss account for damaged, obsolete and lost stocks.

Stocks are stated after provisions for impairment of £470,000 (2021 - £443,000). There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying value.

18 Debtors

	2022 £ 000	2021 £ 000
Trade debtors	2,597	1,812
Amounts receivable from group undertakings	48,386	42,578
Prepayments	391	359
Other debtors	222	121
	<u>51,596</u>	<u>44,870</u>

Amounts receivable from group undertakings for the supply of goods and services are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Amounts receivable from group undertakings for short term temporary loans are also unsecured and repayable on demand but receive interest at the monthly SONIA or EURIBOR rate +1.95%.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Creditors: amounts falling due within one year

	Note	2022 £ 000	2021 £ 000
Loans and borrowings	22	6,545	311
Trade creditors		3,701	1,434
Amounts due to group undertakings		9,511	12,102
Other creditors		3,904	2,986
Social security and other taxes		3,041	2,425
Accrued expenses		2,761	1,876
Deferred income		2,006	2,446
Current portion of long term lease liabilities	21	81	27
		<u>31,550</u>	<u>23,607</u>

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

20 Creditors: amounts falling due after one year

	Note	2022 £ 000	2021 £ 000
Long term lease liabilities	21	<u>2,101</u>	<u>2,420</u>

21 Leases

Leases included in creditors

	Note	2022 £ 000	2021 £ 000
Current portion of long term lease liabilities	19	81	27
Long term lease liabilities	22	<u>2,101</u>	<u>2,420</u>
		<u>2,182</u>	<u>2,447</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

21 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2022 £ 000	2021 £ 000
Less than one year	499	542
2 to 5 years	1,148	1,480
More than 5 years	852	833
Total lease liabilities (undiscounted)	2,499	2,855
Future lease interest	(317)	(408)
Discounted lease liability at 31 December	2,182	2,447

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2022 £ 000	2021 £ 000
Payment		
Right of use assets	394	536
Interest	128	130
Short term leases	75	62
Total cash outflow	597	728

22 Loans and borrowings

	2022 £ 000	2021 £ 000
Current loans and borrowings		
Bank borrowings	6,545	311

The bank loan is a revolving credit agreement commenced in December 2019. Interest is levied at a rate equal to the Sterling Overnight Index Average (SONIA) + 2.5% p.a. Security for the loan was provided by a parent company guarantee from IDEMIA France SAS.

23 Provisions

	Employee benefits £ 000	Deferred tax £ 000	Total £ 000
At 1 January 2022	347	3,875	4,222
Charged to profit and loss account	35	658	693
Charged to other comprehensive income	-	(2,433)	(2,433)
At 31 December 2022	382	2,100	2,482
Non-current liabilities	382	2,100	2,482

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Provisions (continued)

The employee benefits provision relates to additional holidays provided to employee as they achieve long service milestones with the Company. The provision is expected to be utilised as employees take the additional holidays that they have earned.

Further details of the deferred tax liability are given in note 12.

24 Pension and other schemes

The Company operates 2 pensions schemes as detailed below:

Defined contribution pension scheme

The Company operates a defined contribution Self Invested Personal Pension Plan (SIPP), whose assets are held separately from the assets of the Company. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £684,000 (2021 - £624,000). There are no amounts outstanding at the balance sheet date.

Defined benefit pension schemes

IDEMIA UK Pension Plan

IDEMIA UK Limited (the Company) operates a defined benefit pension arrangement called the IDEMIA UK Pension Plan (the Plan). The Plan provides benefits at retirement, or earlier exit, linked to career average salary and length of service.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustee of the Plan the contributions to be paid to meet the Statutory Funding Objective. The future contributions required to meet the Statutory Funding Objective do not currently affect the balance sheet of the Plan in these accounts.

The most recent comprehensive actuarial valuation of the Plan is being carried out as at 1 April 2022. In the event that the valuation reveals a larger deficit than expected the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

Currently, the Company is due to pay contributions in the year to 31 December 2023 under the current contribution schedule. However, the future contributions requirements are currently being reviewed as part of the latest triennial valuation of the Plan.

The Plan is managed by a trustee company, IDEMIA UK Pension Trustee Limited (the Trustee). The Directors of this trustee company are appointed in part by the Company and part from elections by members of the Plan. The Trustee has responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustee delegates some of these functions to its professional advisers where appropriate.

Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil). The expected contributions to the plan for 2023 are £2,650,000.

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

24 Pension and other schemes (continued)

The valuation used for FRS 101 disclosures has been based on the 1 April 2022 funding valuation and rolled forward to 31 December 2022. The present values of the defined benefit obligation and the related current service cost as at 31 December 2022 were measured using the projected unit credit method.

Risks

Investment risk

The Plan holds investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if deficits emerge.

Interest rate risk

The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities, the value of the assets and liabilities may not move in the same way.

Inflation risk

A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

Mortality risk

In the event that members live longer than assumed deficits may emerge in the Plan.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	45,650	74,880
Present value of scheme liabilities	(39,930)	(61,590)
Defined benefit pension scheme surplus	5,720	13,290

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Fair value at start of year	74,880	67,340
Interest income	1,430	900
Remeasurement gains	(31,870)	5,970
Employer contributions	2,640	2,660
Contributions by scheme participants	70	70
Benefits paid	(1,190)	(1,880)
Administrative expenses paid	(310)	(180)
Fair value at end of year	45,650	74,880

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

24 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Cash and cash equivalents	4,700	4,880
Equity instruments	17,590	37,320
Debt instruments	21,860	27,490
Property	1,500	5,190
	<u>45,650</u>	<u>74,880</u>

Actual return on scheme's assets

	2022 £ 000	2021 £ 000
Actual return on scheme assets	<u>(30,440)</u>	<u>6,870</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £ 000	2021 £ 000
Present value at start of year	61,590	66,270
Current service cost	440	480
Actuarial gains and losses arising from changes in demographic assumptions	310	-
Actuarial gains and losses arising from changes in financial assumptions	(25,190)	(3,840)
Actuarial gains and losses arising from experience adjustments	2,740	(400)
Interest cost	1,160	890
Benefits paid	(1,190)	(1,880)
Contributions by scheme participants	70	70
Present value at end of year	<u>39,930</u>	<u>61,590</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

IDEMIA UK Limited
Notes to the Financial Statements for the Year Ended 31
December 2022 (continued)

24 Pension and other schemes (continued)

	2022	2021
	%	%
Discount rate for plan liabilities	4.75	1.90
Pension increases (post June 2005)	3.20	3.20
Pension increases (pre June 2005)	3.80	3.65
RPI Inflation	<u>3.40</u>	<u>3.40</u>

Post retirement mortality assumptions

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	22	22
Current UK pensioners at retirement age - female	25	24
Future UK pensioners at retirement age - male	24	24
Future UK pensioners at retirement age - female	<u>26</u>	<u>26</u>

Amounts recognised in the profit and loss account

	2022	2021
	£ 000	£ 000
Amounts recognised in operating profit		
Current service cost	440	480
Administrative expenses paid	<u>310</u>	<u>180</u>
Recognised in arriving at operating profit	<u>750</u>	<u>660</u>
Amounts recognised in finance income or costs		
Net interest	<u>(270)</u>	<u>(10)</u>
Total recognised in the profit and loss account	<u>480</u>	<u>650</u>

Amounts taken to the Statement of Comprehensive Income

	2022	2021
	£ 000	£ 000
Losses from changes to demographic assumptions	310	-
Gains from changes to financial assumptions	(25,190)	(3,840)
Experience losses/(gains) on liabilities	2,740	(400)
Loss/(gain) on assets in excess of interest	<u>31,870</u>	<u>(5,970)</u>
Amounts recognised in the Statement of Comprehensive Income	<u>9,730</u>	<u>(10,210)</u>

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

24 Pension and other schemes (continued)

Sensitivity analysis

The table below provides information on the sensitivity of the defined benefit obligation to changes to the most significant actuarial assumptions. The table shows the impact of changes to each assumption in isolation although, in practice, changes to assumptions may occur at the same time and can either offset or compound the overall impact on the defined benefit obligation. These sensitivities have been calculated using the same methodology as used for the main calculations, and there has been no change since the previous period to the method and assumptions used in preparing the sensitivity analysis:

Assumption	Change to assumptions	
	Increase by 0.5%	Decrease by 0.5%
Discount rate	-8%	+9%
Inflation	+5%	-5%

An increase/(decrease) of one year in the assumed life expectancy for both males and females would increase/(decrease) the Defined Benefit Obligation by 3%.

Note that the above sensitivities are approximate and only show the effect of an assumption being adjusted whilst all other assumptions remain the same.

The weighted average duration of the defined benefit obligation is 25 years.

25 Share capital

Authorised, allotted, called up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	21,605	21,605	21,605	21,605

26 Reserves

Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity shares.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

27 Dividends

The directors are proposing a final dividend of £Nil (2021 - £Nil) per share totalling £Nil (2021 - £Nil).

IDEMIA UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

27 Dividends (continued)

Interim dividends paid

	2022 £ 000	2021 £ 000
Interim dividend of £Nil (2021 - £0.1389) per each Ordinary shares	-	3,000

28 Related party transactions

The Company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries.

29 Parent of group in whose consolidated financial statements the Company is consolidated

The name of the parent of the group in whose consolidated financial statements the Company's financial statements are consolidated is IDEMIA Group SAS.

These financial statements are available upon request from 2 Place Samuel de Champlain, 92400 Courbevoie Cedex, France.

30 Parent and ultimate parent undertaking

The Company's immediate parent is IDEMIA UK Holding Limited. The ultimate parent and controlling party is Advent International Corporation, whose registered office is 75 State Street, Boston, MA 02109, USA.

The most senior parent entity producing publicly available financial statements is IDEMIA Group SAS. No other group financial statements include the results of the Company. These financial statements are available upon request from 2 Place Samuel de Champlain, 92400 Courbevoie Cedex, France.