

Registration number: 00355881

De La Rue Overseas Limited  
Annual Report and Financial Statements  
for the period from 28 March 2021 to 26 March 2022

THURSDAY



\*AC75T5E9\*

A23

06/07/2023

#131

COMPANIES HOUSE

## **De La Rue Overseas Limited**

### **Corporate Information**

<b>Directors</b>	D R Harding R C Bellhouse
<b>Registered office</b>	De La Rue House Jays Close Viables Basingstoke Hampshire RG22 4BS United Kingdom
<b>Auditors</b>	Ernst & Young LLP APEX Plaza Forbury Road Reading RG1 1YE United Kingdom

## **De La Rue Overseas Limited**

### **Directors' Report for the period from 28 March 2021 to 26 March 2022**

**Registered number: 00355881**

The Directors present their report and the financial statements for the period from 28 March 2021 to 26 March 2022.

#### **Directors of the Company**

The Directors who held office during the period and at the date of signing this report were as follows:

D R Harding

R C Bellhouse (appointed 25 July 2022)

J C Hyde (resigned 27 July 2022)

#### **Employee involvement**

The Company has no employees (2021: none). The Director's remuneration is borne by other Group companies and no Director received additional remuneration for their role as a director of De La Rue Overseas Limited. If it had employees, the Company would follow the employment policies of the De La Rue plc Group, details of which are set out in the Responsible Business section on pages 32 to 45 of the 2022 Annual Report of De La Rue plc which does not form part of this report.

#### **Going concern**

The Directors believe that the Company is a going concern based on its net asset position and the expected future cash flows of investee Companies and inter-company counterparties.

The Company is reliant on support from the Parent Company/Group to continue as a going concern.

#### ***Background and relevant facts to the Parent Company/Group to continue as a Going Concern***

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the 2022 Annual report, within the CEO Review. In addition, note 14 in the Annual report includes the Group's objectives, policies and processes for financial risk management, details of its financial instruments and hedging activities and its exposure to credit risk, liquidity risk and commodity pricing risk. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described within the Financial Review.

Following the interim results for the period ended 24 September 2022 there has been a difficult period of trading and rising market interest rates, meaning the Group forecast that they would breach financial covenants in their going concern period to 29 June 2024. As a result, they entered into extensive negotiations with the pension trustee and the Group's banking syndicate. A deferral letter from the trustee was signed on 28 June 2023 agreeing to deferral of deficit repair contributions as set out in the paragraph below and an amended facility agreement for the Group's financing facilities was signed on 29 June 2023, which includes a relaxation of the financial covenant ratios along with the introduction of a new minimum liquidity requirement.

#### ***Deferral of deficit repair contributions***

The Group has successfully concluded negotiations with the Trustee of the De La Rue Pension Fund to defer £17.5m of the £18.75m of deficit repair contributions that was targeted in the Group's April trading update.

The Trustee has agreed to defer the Group's deficit repair contributions of £3.75m per quarter from that due on 5 April 2023 up to and including that payment that was due on 5 April 2024. From July 2024, deficit repair

## **De La Rue Overseas Limited**

### **Directors' Report for the period from 28 March 2021 to 26 March 2022**

contributions will recommence at the previously agreed £3.75m per quarter. 'Catch up' payments for the £18.75m of deferred payments will start from FY26 and will continue through to FY29.

This deferral significantly eases the short-term cash flow burden on the business and has been incorporated into all modelling.

#### ***Amended Facility Agreement***

Under the amended facility agreement, which was executed by all parties on the 29 June 2023, the Group continues to have access to a revolving credit facility ('RCF') of £250m that expires on 1st January 2025, which allows the drawing down of cash up to the level of £175m and the use of bonds and guarantees up to the level of £75m. The amendment to the debt agreement reduces the available facility by £25m from £275m to £250m, with the cash draw-down component remaining unchanged and the use of the bonding and guarantee lines reduced to £75m from the prior £100m level.

The continued access to these borrowing facilities is subject to quarterly covenant tests which look back over a rolling 12-month period. In each covenant test in FY23 the Group has met its covenant ratios on the historical covenant quarterly levels. At 25 March 2023, EBIT/net interest payable was 3.0 times and Net debt/EBITDA was 2.2 times with net debt of £83.1m and bonding and guarantees in place totalling £52m. The Group is additionally in compliance with all covenant requirements at 29 June 2023.

The quarterly covenant levels (which will continue to be tested on a 12-month rolling basis) have been revised from the first testing period at 1 July 2023 (Q1 FY24). These are now subject to monthly minimum liquidity testing and quarterly covenant tests from this date. The terms include consideration of future options for the group, provision of further non-financial deliverables and milestones that the banks will monitor, and these are fully within management's control.

From 1 July 2023, the revised financial covenants and spread levels were as follows:

- EBIT/net interest payable more than or equal to 1.0 times, (3.0 times previously).
- Net debt/EBITDA less than or equal to 4.0 times until the Q4 2024 testing point, reducing to less than or equal to 3.6 times from Q1 FY25 through to the end of the current agreement to 1 January 2025 (3.0 times previously).
- Minimum Liquidity testing monthly, testing at each weekend point on a 4-week historical basis and 13 week forward looking basis. The minimum liquidity is defined as "available cash and undrawn RCF greater than or equal to £25m", although reduces to £20m if £5m or more of cash collateral is in place to fulfil guarantee or bonding requirements (new test).
- Increases in spread rates on the leverage ratio as a result of the relaxation of levels:

## De La Rue Overseas Limited

### Directors' Report for the period from 28 March 2021 to 26 March 2022

Leverage (consolidated net debt to EBITDA)	Margin (% per annum)
Greater than 3.5:1	4.35
Greater than 3.0:1 and less than or equal to 3.5:1	4.15
Greater than 2.5:1 and less than or equal to 3.0:1	3.95

In order to determine the appropriate basis of preparation for the financial statements for the year ended 25 March 2023 the Directors must consider whether the Group can continue in operational existence for a period until 29 June 2024 taking into account the above liquidity and covenant requirements.

#### ***Testing assumptions and headroom level***

The Group has prepared and reviewed profit and cash flow forecasts which cover a period up to 29 June 2024 (Q1 FY25), the going concern period, and this includes the following quarters: Q1, Q2, Q3, Q4 FY24 & Q1 FY25 as well as monthly liquidity testing points throughout this period.

Management's assessment is that a period of 12 months to 29 June 2024 is an appropriate going concern period for the following reasons:

- A 12-month period is consistent with De La Rue modelling and approach over a number of years, which in prior periods has also included a facility termination shortly after the going concern period (such as in FY22).
- The Directors have considered events after the end of this period, including the re-financing requirement for the RCF which is at 1 January 2025, which is considered further below

#### ***Base case assumptions and headroom***

The base case forecasts over the going concern period have been built taking into consideration the uncertainty around the timing of the Currency market recovery. Revenue growth in Authentication to over £100m is expected to be driven from the annualisation of contracts already won in prior periods. The base financials over the going concern period reflect further restructuring and refinancing costs that have already been initiated. This will help to right size the business for the current demand with any ramp up required over the going concern period to be carefully managed in line with pipeline capacity requirements and orders to avoid significant negative fluctuations vs base plans.

The Group entered FY24 with the Currency total order book at £136.8m (26 March 2022: £170.8m) and the 12-month order book at £131.7m (26 March 2022: £163.5m). The win rate of over 70% since 2020 on Currency bids remains high. By 16 June 2023, over 80% of the Currency business plans revenues for FY24 are secured, with key wins in Asia providing a solid foundation for expectations for the year.

The Group's base case modelling shows headroom on all covenant thresholds and the minimum liquidity requirement across the period.

## De La Rue Overseas Limited

### Directors' Report for the period from 28 March 2021 to 26 March 2022

#### *Severe yet plausible downsides and headroom*

The downside modelling produced has factored in the Directors' assessment of events that could occur in a "severe yet plausible downside" scenario. The risks modelled are directly linked to the Risk Committee "principal risks". The most significant material risks modelled were as follows;

#### Risk 3 Macroeconomic and geo-political risk

- Authentication new wins and implementations are not achieved in the timescales modelled in the base case. In the severe yet plausible downside scenario 100% of revenues with new customers have been excluded.

#### Risk 10 Banking Facilities

- Following the recent interest rate rises, the Group will be paying an interest rate on its facilities of approximately 8.5% based on the current SONIA rate of 5% and the applicable margin. Based on the base case numbers in FY24, the combined rate would need to reach c16% before a breach in the interest covenant would be triggered, with an implied SONIA rate of 9.2%. Whilst management had used 5.3% as their interest rate in a severe but plausible scenario, based on the stress testing procedures described above, they have assessed the risk of a breach triggered by rising interest rates as remote given the current SONIA rate applicable is 5%, the sensitivity, and that these sensitised rates would need to apply for the entire FY24 period.

#### Risk 11 Kenya taxation and exit strategy

- Cash outflow assumed over and above the base case, which includes acceleration of outflows for site exit and legal settlements.

#### Risk 13 Currency pipeline

- Volumes and budget margins not achieved as forecasted in the going concern period. For currency pipeline downside risks modelled, margins have been determined using the average production cost as opposed to using the facilities with the lowest production costs where there is modelled capacity. As at 25 March 2023, Currency total order book at £136.8m (26 March 2022: £170.8m) and the 12-month order book at £131.7m (26 March 2022: £163.5m). By 16 June 2023, over 80% of the Currency business plan revenues for FY24 are secured, with key wins in Asia providing a foundation for expectations for the year.
- As a result of the new liquidity testing requirement, the Directors also considered historical monthly working capital swings over the last three years as well as weekly cash outflow averages to ensure that adequate considerations have been made to capture "in month" working capital swings that the Group can see given the volatility of working capital in the Currency business in particular. A £20m working capital outflow was demonstrated to be suitable for a plausible severe downside to apply monthly to liquidity testing, assuming no mitigation at all on liquidity at any given testing period.

If all of these modelled downside risks were to materialise in the Going Concern period, the Group would still meet its required covenant ratios and liquidity requirements.

## **De La Rue Overseas Limited**

### **Directors' Report for the period from 28 March 2021 to 26 March 2022**

There remains headroom against all covenant thresholds in a “severe yet plausible” downside scenario across the going concern period.

#### ***Minimum Liquidity testing monthly***

Company modelling of the severe but plausible downside (including taking into account working capital swings and potential cash collateral requirements) also shows headroom to the liquidity requirement throughout the period, with further controllable mitigations such as reduction in discretionary capex that could be applied.

The level of reduction that would be required to breach the liquidity covenant is considered to be remote by management on the basis that in the tightest observable period of the severe but plausible downside scenario in £27m and £17m if taking into account working capital swings and potential cash collateral requirements. This assessment excludes the potential further mitigations available.

#### ***Stress-Testing***

Under the base case modelling, EBIT and EBITDA would need to drop by £10m (46%) and £11m (27%) respectively, or liquidity would need to drop £30m from the lowest point, for any breach to occur. In the severe but plausible scenario modelling, EBIT and EBITDA would need to drop by £6m (32%) and £6m (15%) respectively, or liquidity would need to drop £27m from the lowest point (£17m including a negative working capital swing of £20m and cash collateralisation savings of £10m), for any breach to occur. Management concluded that a breach is remote given that:

- Trading to the end of P2 indicates the Group is on-track to deliver the FY24 budget from an EBIT and EBITDA perspective. The Group has experienced working capital drag which has led to Net Debt levels being worse than those forecast in the base case scenario. The working capital drags are in line with those modelled in the severe but plausible downside scenario and the Group has seen positive movements to recover working capital in P3.
- Liquidity stress testing excluded controllable mitigating actions (as described above) that management could employ and still showed headroom.
- Management are comfortable that any non-financial conditions and reporting requirements can be achieved. The Directors have assumed that the current revolving credit facility remains in place with the same covenant requirements through to its current expiry date (1 January 2025), which is beyond the end of the period reviewed for Going Concern purposes. The Directors have concluded that the Group will either renew the facility thereafter or have sufficient time to agree an alternative source of finance from 1 January 2025 onwards.

#### ***Other Requirements***

As referred to earlier, there are a number of additional requirements under the recently amended facility agreement and pensions Trustee arrangements that include conventional enhanced monitoring measures and progress on the development of future options. Progress has already been made on ensuring that the right processes are in place to be able to meet the non-financial conditions and terms agreed with the lenders, and the Directors are confident that all of these additional conditions and terms will be met in the timeframe required.

## **De La Rue Overseas Limited**

### **Directors' Report for the period from 28 March 2021 to 26 March 2022**

#### **Reasonable prospects beyond the going concern period**

The Directors have also considered the pension trustee's and the lenders' on-going support for the business given that further refinancing discussions are likely to occur over the going concern period with the current facility due to terminate on 1st January 2025. Specifically, an extension by November 2023 is necessary to have adequate facility duration for going concern purposes at FY24 Half Year.

Management has concluded that there are realistic prospects for refinancing to occur ahead of facility termination as a result of:

- Lenders have continued to support the Group through an amended facility agreement. This was signed on 29 June 2023, and the covenants (financial and non-financial) were set to levels that allows the Group to continue to meet its covenant in a severe but plausible downside scenario. The Directors see no reason that the lender's support will not continue given the level of relaxation of covenants that has been agreed.
- As stated above, prior to the 30 September 2023 Half-Year announcement in November 2023, the Group will have to agree an extension with its existing lenders for the facility that comes to end on 1 January 2025. Discussions will commence over the coming months with the banks on the future options open to the Group, and subject to the Group achieving specific financial and non-financial milestones that the Directors are confident in achieving. To maximise stakeholder value for all parties, the lenders would need to provide the business with continued support through the Currency market recovery and continued growth in the Authentication division. It is the Directors' judgement that based on the current support of the lenders the extension will be achieved.
- In the event the current lenders were not supportive of an extension to the facility at FY24 Half Year, the Group would consider and implement alternative financing options at that time. The directors continue to assess these alternative financing options, including but not limited to: alternative lenders; alternative finance vehicles; equity injections; and/or the sale of trade and assets. However, the Directors are confident this scenario won't manifest given its confidence in refinancing and extending the facility at FY24 Half Year.

The Directors have therefore assessed that the Group will either renew the facility or have sufficient time to agree an alternative source of finance. The costs of refinancing are included in the base case.

#### **Conclusion**

The base and severe but plausible forecasts show headroom above the covenant levels agreed with the lenders and support the position that the Group will be able to operate within its available banking facilities and covenants throughout the going concern period to 29 June 2024. The Group will provide support to the Company.

For the purpose of providing support to the Company until 4 July 2024, the Directors made enquiries of the Group who used the work performed in the 'Reasonable prospects beyond the going concern period' section to support the additional period. Directors are satisfied that the Company is able to manage its business risks and to continue in operational existence for the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

A copy of the 2022 Annual Report, the Group's FY23 Half year and FY23 Year end results are available at [www.delarue.com](http://www.delarue.com) or on request from the Company's registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.



## **De La Rue Overseas Limited**

### **Directors' Report for the period from 28 March 2021 to 26 March 2022**

#### **Result and dividend**

The Company received interest income in the current year of £613,000 (2021: £661,000). The Directors do not recommend the payment of a final dividend (2021: £nil). The retained profit of £613,000 (2021: £661,000) has been transferred to reserves.

#### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

#### **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.

#### **Reappointment of auditors**

The auditor Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Small companies' exemption**

In preparing this report, the Directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006. The Directors have also taken advantage of the small companies' exemption from preparing the Strategic Report.

#### **Post balance sheet events**

On 29 June 2023 the Company entered into a number of documents which had the effect of amending and restating the terms of the revolving facility agreement with its lending banks and their agents.

These documents are an amendment and restatement agreement with the various lenders and the banks' agent and security agent, a debenture between the Company, certain other Group companies and the banks' security agent and an inter-creditor agreement between the creditors. As a result of these changes, the facilities are now secured against material assets and shares within the Group.

On the 28 June 2023 the Company entered into an agreement with the trustees of the De La Rue Pension Scheme in relation to the deferral of certain deficit reduction payments that were otherwise due to be paid by the Company and other Group companies to that scheme. In order to preserve and support the position of the scheme, with the support of the lenders, the scheme will be provided with security on a pari passu basis together with the lenders, as well as an enhanced information sharing protocol to ensure ongoing communication between the Group and the trustee remains comprehensive.

Approved by the Board on 4 July 2023 and signed on its behalf by:



.....  
R C Bellhouse  
Director

## **De La Rue Overseas Limited**

### **The Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements for the period from 28 March 2021 to 26 March 2022**

The Directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the members of De La Rue Overseas Limited**

### **Opinion**

We have audited the financial statements of De La Rue Overseas Limited (the 'Company') for the year ended 26 March 2022 which comprise of Statement of Comprehensive Income, the Balance Sheet and Statement of Changes in Equity and the related notes 1 to 11, 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 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 company's affairs as at 26 March 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 the provisions available for small entities, in the circumstances set out in the Directors Report within the financial statements, 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 through to 4 July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **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 this report, we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report to the members of De La Rue Overseas Limited (continued)**

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 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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 these financial statements.

## **Independent Auditor's Report to the members of De La Rue Overseas Limited (continued)**

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

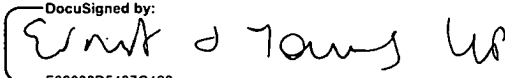
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, the Companies Act 2006 and Corporation Tax Act 2010) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection regulation (GDPR).
- We understood how De La Rue Overseas Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our other audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team discussions and enquiry of management and those charged with governance. Through this procedure, we have not identified any significant risks related to the Company. As De La Rue Overseas Limited is a non-trading entity, with transactions mainly with its related parties, we have performed procedures over the intercompany balances presented in the financial statements and considered of the appropriateness of the disclosures made and the recoverability of balances held.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. We also read the financial statement disclosures, corroborating to supporting documentation to assess compliance with applicable laws and regulations and evaluated the business rationale of significant transactions outside the normal course of business.

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

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
F98833D5437C466...

**Kevin Harkin (Senior statutory auditor)**

**for and on behalf of Ernst & Young LLP, Statutory Auditor**

**Reading**

**4 July 2023**

**De La Rue Overseas Limited**

**Statement of Comprehensive Income for the period from 28 March 2021 to 26 March 2022**

		28 March 2021 to 26 March 2022 £ 000	29 March 2020 to 27 March 2021 £ 000
	Note		
<b>Turnover</b>		-	-
<b>Operating profit</b>		-	-
Other interest receivable and similar income	3	613	661
<b>Profit before Taxation</b>		613	661
Taxation	5	-	-
<b>Total comprehensive income for the financial period</b>		613	661

The notes on pages 16 to 20 form an integral part of these financial statements.

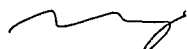
**De La Rue Overseas Limited**  
**Balance Sheet as at 26 March 2022**

	Note	26 March 2022 £ 000	27 March 2021 £ 000
<b>Current assets</b>			
Debtors:			
Amounts falling due within one year		303	279
Amounts falling due over one year		26,372	25,045
	6	26,675	25,324
Cash at bank and in hand	7	-	738
<b>Net assets</b>		<b>26,675</b>	<b>26,062</b>
 <b>Capital and reserves</b>			
Called up share capital	8	2,500	2,500
Share premium reserve		1,500	1,500
Other reserves		18,544	18,544
Retained profit		4,131	3,518
<b>Shareholder's funds</b>		<b>26,675</b>	<b>26,062</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime of the Companies Act 2006.

The notes on pages 16 to 20 form an integral part of these financial statements.

Approved and authorised by the Board on 4 July 2023 and signed on its behalf by:



.....  
D R Harding  
Director

**De La Rue Overseas Limited****Statement of Changes in Equity for the period from 28 March 2021 to 26 March 2022**

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Balance at 29 March 2020	2,500	1,500	18,544	2,857	25,401
Profit for the period	-	-	-	661	661
Other Comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	661	661
Balance at 27 March 2021	2,500	1,500	18,544	3,518	26,062

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
<b>Balance at 28 March 2021</b>	<b>2,500</b>	<b>1,500</b>	<b>18,544</b>	<b>3,518</b>	<b>26,062</b>
Profit for the period	-	-	-	613	613
Other Comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	613	613
<b>Balance at 26 March 2022</b>	<b>2,500</b>	<b>1,500</b>	<b>18,544</b>	<b>4,131</b>	<b>26,675</b>

The notes on pages 16 to 20 form an integral part of these financial statements.



## **De La Rue Overseas Limited**

### **Notes to the Financial Statements for the period from 28 March 2021 to 26 March 2022**

#### **1 General information**

The Company is a private company limited by shares incorporated in England and Wales.

#### **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, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' and the Companies Act 2006.

##### **Basis of preparation**

These financial statements have been prepared under the historical cost accounting rules in accordance with applicable accounting standards. The accounts have been prepared as at 26 March 2022, being the last Saturday in March. The comparatives for the 2021 financial period are for the period ended 27 March 2021.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Company's ultimate parent undertaking, De La Rue plc includes the Company in its consolidated financial statements. The consolidated financial statements of De La Rue plc are prepared in accordance with International Financial Reporting Standards as adopted by the UK and are available to the public and may be obtained from the Company Secretary, De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has taken advantage of the exemptions available under paragraph 1.12 of FRS 102 in respect of the following disclosures:

- the requirement to prepare a statement of cash flows;
- the non-disclosure of key management personnel compensation; and
- Certain financial instrument disclosures as included in the consolidated financial statements of the Group in which the Company is consolidated.

##### **Tax**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purpose.

## **De La Rue Overseas Limited**

### **Notes to the Financial Statements for the period from 28 March 2021 to 26 March 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Functional and presentation currency**

The Company's functional and presentation currency is the pound sterling.

##### **Interest**

Interest is recognised in the profit and loss account on an accrual basis.

##### **Going concern**

The financial statements have been prepared on the going concern basis.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 9.

In assessing whether the going concern basis is appropriate, the Directors take into account all available information about the future, which is at least, but is not limited to, the period up to 4 July 2024. The Directors have performed this review including considering the impact of COVID-19 and have concluded that it does not impact the going concern assessment of the Company.

As a consequence, the Directors have a reasonable expectation that the Company is well placed to manage their business risks and to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements

Please refer to the Directors Report for a more detailed assessment of going concern.

##### **Critical accounting estimates and areas of judgement**

The Company makes estimates and assumptions concerning the future, and the outcome may differ from that calculated. There are no 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 period.

## De La Rue Overseas Limited

### Notes to the Financial Statements for the period from 28 March 2021 to 26 March 2022 (continued)

#### 3 Other interest receivable and similar income

	28 March 2021 to 26 March 2022 £ 000	29 March 2020 to 31 March 2021 £ 000
Interest income on bank deposits	2	12
Interest income on loans to group undertakings	611	649
	<b>613</b>	<b>661</b>

#### 4 Directors' emoluments and auditor's remuneration

All Directors who served during the period did not receive remuneration directly in respect of their services as Directors of the Company (2021: £nil).

The auditor's remuneration was borne by another Group company.

#### 5 Taxation

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

The differences are reconciled below:

	28 March 2021 to 26 March 2022 £ 000	29 March 2020 to 27 March 2021 £ 000
<b>Profit before tax</b>	<b>613</b>	<b>661</b>
Corporation tax at standard rate at 19% (2021: 19%)	116	126
Group relief from other UK group companies	(116)	(126)
Total tax charge	-	-

#### Factors that may affect future tax charges

The standard rate of tax in the UK is due to increase from 19% to 25% from April 2023, following the enactment of the Finance Act 2021 during June 2021.

## De La Rue Overseas Limited

### Notes to the Financial Statements for the period from 28 March 2021 to 26 March 2022 (continued)

#### 6 Debtors

	26 March 2022 £ 000	27 March 2021 £ 000
Amounts owed by group undertakings	26,675	25,324

Debtors includes £26,372,000 (2021: £25,045,000) receivable after more than one year. These represent amounts owed by Group undertakings.

Amounts owed by group undertakings are interest bearing, unsecured and can be repaid early at the request of the lender. Interest rate charges on group loans with subsidiaries are based on the appropriate currency LIBOR rate and an interest margin determined by the creditworthiness of the borrower.

#### 7 Cash and cash equivalents

	26 March 2022 £ 000	27 March 2021 £ 000
Cash at bank	-	738

#### 8 Share Capital and reserves

##### Allotted, called up and fully paid shares

	26 March 2022 No. 000	£ 000	27 March 2021 No. 000	£ 000
2,500,000 Ordinary shares of £1 each	2,500	2,500	2,500	2,500

Ordinary shares have full rights in the Company with respect to voting, dividends and distributions.

##### Reserves

###### *Share premium*

This reserve arises from the issuance of shares for consideration in excess of their nominal value.

###### *Profit and loss account*

Cumulative profit and loss, net of distributions to owners.

#### 9 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is De La Rue Holdings Limited and the ultimate parent undertaking is De La Rue plc, both of which are registered in England and Wales. The De La Rue plc Group is the only Group of which the company is a member for which consolidated group financial statements are prepared. Copies of the Group financial statements are available from the Company Secretary, De La Rue plc at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

## **De La Rue Overseas Limited**

### **Notes to the Financial Statements for the period from 28 March 2021 to 26 March 2022 (continued)**

#### **10 Related party transactions**

The Company has taken advantage of the exemption contained in FRS102, Section 33 (Related Party Disclosures) from disclosing transactions with other members of the Group.

#### **11 Subsequent events**

On the 28 June 2023 the Company entered into an agreement with the trustees of the De La Rue Pension Scheme in relation to the deferral of certain deficit reduction payments that were otherwise due to be paid by the Company and other Group companies to that scheme. In order to preserve and support the position of the scheme, with the support of the lenders, the scheme will be provided with security on a pari passu basis together with the lenders, as well as an enhanced information sharing protocol to ensure ongoing communication between the Group and the trustee remains comprehensive.

On 29 June 2023 the Company entered into a number of documents which had the effect of amending and restating the terms of the revolving facility agreement with its lending banks and their agents.

These documents are an amendment and restatement agreement with the various lenders and the banks' agent and security agent, a debenture between the Company, certain other Group companies and the banks' security agent and an inter-creditor agreement between the creditors. As a result of these changes, the facilities are now secured against material assets and shares within the Group.