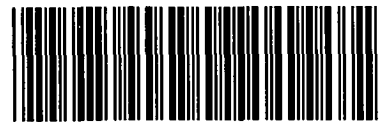


Registration number: 00355881

De La Rue Overseas Limited
Annual Report and Financial Statements
for the period from 27 March 2022 to 25 March 2023

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De La Rue Overseas Limited

Corporate Information

Directors	N Douglas J Messent
Registered office	De La Rue House Jays Close Viabes Basingstoke Hampshire RG22 4BS United Kingdom
Auditors	Ernst & Young LLP R+ 2 Blagrove Street Reading Berkshire RG1 1AZ United Kingdom

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023

Registered number: 00355881

The Directors present their report and the financial statements for the period from 27 March 2022 to 25 March 2023.

Directors of the Company

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

N Douglas (appointed 29 September 2023)

J Messent (appointed 8 August 2023)

R C Bellhouse (appointed 25 July 2022, resigned 29 September 2023)

C J Andrews (appointed 28 July 2023, resigned 8 August 2023)

D R Harding (resigned 28 July 2023)

J C Hyde (resigned 27 July 2022)

Employee involvement

The Company has no employees (2022: 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 24 to 45 of the 2023 Annual Report of De La Rue plc which does not form part of this report.

Going concern

In assessing the company's status as a going concern, the Directors evaluated the company's net assets position and expected future cash flows of investee companies and inter-company counterparties.

Having considered this, the directors believe the company is a going concern, reliant on the support of its parent company.

The Group's going concern position is outlined below.

Background and relevant facts

In line with IAS 1 "Presentation of financial statements", and the FRC guidance on "risk management, internal control and related financial and business reporting", when assessing the Group's ability to continue as a going concern, the Directors have taken into account all available information for a period up to 28 December 2024, being the Going Concern period.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 1 to 10 of the Strategic Report in the FY23 Annual Report. In addition, pages 56 to 63 include the Group's objectives, policies and processes. There have been no material changes in overall strategy to that disclosed in the 2023 Annual Report.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

Extension of banking facilities

On 18 December 2023, the Group successfully extended its existing banking facilities by six months to 1 July 2025.

Under this extension, the Group now has access to banking facilities of £235m (down from £250m) including a Revolving Credit Facility (RCF) cash drawdown component of up to £160.0m (down from £175m) and bond and guarantee facilities of £75m, with a new maturity date of 1 July 2025. The reduction in the RCF has been offset by a corresponding reduction in the existing minimum liquidity covenant, from £25m to £10m. There were no other changes to financial covenants or spread rates, as disclosed within "Accounting Policies" in the Annual Report and Accounts for the year ended 25 March 2023.

There have been no new non-financial conditions imposed on the company that are outside the company's control.

Covenants testing

The continued access to borrowing facilities described above is subject to quarterly covenant tests which look back over a rolling 12-month period. In addition, there is 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 £10m".

In each covenant test to date in FY24 the Group has met its covenant ratios on the historical covenant quarterly levels as well as the historic and forward-looking minimum liquidity tests.

The terms under the facility agreement signed in June 2023, included consideration of future options for the group, provision of further non-financial deliverables and milestones that the banks have monitored, and were delivered in line with agreed deliverable dates from all parties.

The covenant terms remain:

- EBIT/net interest payable more than or equal to 1.0 times.
- 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 going concern period.
- Minimum Liquidity testing monthly, testing at each week-end point on a four-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 £10m".

In order to determine the appropriate basis of preparation for the interim financial statements for the period ended 30 September 2023, the Directors must consider whether the Group can continue in operational existence for the going concern review period to 28 December 2024, taking into account the above liquidity headroom and covenant tests.

Testing assumptions and headroom level

The Group has prepared and reviewed profit and cashflow forecasts which cover a period up to 28 December 2024 (Q3 FY25), being the going concern period, and this includes the following quarters: Q3, Q4 FY24 and Q1, Q2 and Q3 FY25 as well as monthly liquidity testing points over the period.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

Testing assumptions and headroom level (continued)

Management's assessment is that a period of at least 12 months to 28 December 2024 is an appropriate going concern period, given this is the first quarterly covenant test which is greater than 12 months from the opinion date, and because the Group have access to financing facilities through to at least 1 July 2025, at which point management have concluded there are reasonable prospects of refinancing given ongoing support from their lenders.

Base case assumptions and headroom

The base case forecasts over the going concern period have been built taking into consideration the timing of the Currency recovery that has been materialising in the marketplace with order book growth and bid activity showing positive signs of market recovery. In addition, renewals of key Authentication contracts and annualization of contracts already won and starting to produce in the current financial year aids confidence in the strategic growth forecasted for that division into FY25.

The already enacted and largely completed footprint and restructuring projects have right sized the business for the current demand. Any ramp up required over the going concern period will be carefully managed in line with pipeline capacity requirements and orders to avoid significant negative fluctuations against base plans.

FY24 results to date indicate the Group is on-track to deliver the FY24 forecast from an EBIT and EBITDA perspective, with key orderbook wins secured to deliver the in-year plan.

In Currency, the Group is seeing the beginning of the expected market recovery. While the overall market remains unpredictable, our conversion rate of bids to orders since the beginning of this financial year supports the base strategic plan numbers.

The timing of tenders has been such that several significant orders have been closed recently, which further supports the base case modelling within the going concern period. At December 2023, the total order book stood at £219.8m (25 March 2023: £136.8m) which supports the Currency market recovery seen as the total order book has more than doubled since 30 September 2023 from £105.4m.

The Group's base case modelling shows headroom on all covenant thresholds across the going concern period.

Non-Financial milestones

In both the base and 'severe yet plausible' downside cases the Directors' assessment of the non-financial terms remains consistent as all required deliverables and monitoring milestones have been achieved through the going concern period. A number of these terms were linked to an increase in monthly monitoring with an increased obligation around information sharing with the lenders and pension trustee, including monthly short-term cash flow (STCF) submissions, and monthly progress updates. Management have proactively implemented a bi-monthly 13-week cash flow process with the outturn of this and monthly monitoring reports shared with the relevant stakeholders in line with the amended terms from June 2023. Directors are confident that all of the non-financial conditions and monthly monitoring will continue to be delivered and are in the control of the Company.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

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' described on page 56 of the March 2023 annual report and the Directors note there are no new matters which present additional 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.
- Cost inflation in the Base Case is assumed at 2.5% from FY25 onwards for UK and Malta, with revenue inflated at 50% of cost inflation assumption. The downside modelling includes an increase in the cost inflation rate for FY25 to be in line with the assumed base interest rate of 5.25% and no change in revenues assumed.
- Supply chain risks are monitored regularly by the company. Fixed price contracts are in place for utilities until September 2024 (i.e. Q2 FY25). Inflation has also already been factored in for the Base Case, as well as an inflation related downside risk in the severe yet plausible downside scenario, and therefore the downside risk modelled is appropriate.

Risk 10 Banking Facilities

- The Group will be paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of 5.25% and the applicable margin. Based on the Base Case and Severe yet Plausible modelling in FY24, the underlying SONIA rate would need to increase in excess of 2.5% to trigger a breach in the interest covenant. Management have assessed this risk as remote given that the current SONIA rate applicable is 5.25% and this would need to apply for the entire going concern period. The Board have also considered current and future market conditions to determine the risk of rate increases beyond that level above is remote.

Risk 11 Kenya taxation and exit strategy

- Cash outflow assumed over and above the base case, which includes acceleration of amounts to finalise in country settlements.

Risk 13 Currency pipeline

- Volumes and budget margins are not achieved as forecasted in the going concern period, including revenue contracts not landing and volume reductions against base plan. This represents a margin reduction of £7.9m (15%) of total Currency margin over 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.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

Severe yet plausible downsides and headroom (continued)

As a result of the liquidity testing requirement, the Directors also considered historical monthly working capital swings over the last three years. This analysis also included assessing periods where management's conclusion was that a "material uncertainty" over going concern existed, specifically between November 2022 and June 2023. Management also analysed weekly cash outflow averages to ensure that adequate considerations have been made to capture 'in quarter' working capital swings that the Group has experienced given the volatility of working capital in the Currency business in particular. A £15m working capital outflow, excluding non-recurring items, was incorporated into a severe yet plausible downside to apply monthly to liquidity testing.

The Directors noted that working capital and cash management have improved in the business over the course of Q2 FY24, resulting in a reduction in our net debt guidance for FY24 of £5m. The Base Case and working capital stress modelling have not been updated to reflect these improvements which means there are additional mitigations with regards to net debt and liquidity that the company has at its disposal for quarterly testing dates should they be required.

Company modelling (including taking into account working capital swings and potential cash collateral requirements) shows headroom to the covenant liquidity requirement throughout the going concern period, with controllable mitigations that could be applied.

The level of reduction that would be required to breach the liquidity covenant is considered to be remote by management, given the controllable mitigations available.

If all of these modelled downside risks were to materialise in the Going Concern period, the Group would still meet its required covenant ratios, after taking into account mitigating actions, such as identified cost saving opportunities which the Directors consider to be within the Group's control.

Stress-Testing

Under the severe yet plausible downside modelling, EBIT and EBITDA would need to drop in the going concern period in excess of our historic forecasting inaccuracy over the last few years for any breach to occur. On liquidity this would need to drop in the going concern period by in excess of what the company has experienced over the last few years (taking into account the largest recurring monthly working capital movements), and from the lowest point modelled in the going concern period, for any breach to occur. This is taking into account mitigating actions within management's control.

Management have concluded that a breach is remote on the financial covenants given:

- Trading to date, along with net debt and liquidity is in line with the forecast indicating the Group is on-track to deliver the FY24 budget with market guidance maintained.
- Management considers that given the longer-term and consistent nature of its Authentication contracts, the key revenue and the corresponding EBIT/EBITDA risk is mainly in regard to the Currency division whereby the timing of contract wins and delivery of the current orderbook in line with the strategy has historically impacted performance against forecasts in previous periods. The Currency order book is showing encouraging signs of recovery, with win rates high and a number of substantial new tenders actively underway, and key orders secured for FY24 and early FY25 forecast.
- Liquidity severe stress testing excluded mitigating actions that management could employ and still showed headroom under stress. Management considers the liquidity risk to be low given the current trading performance and orderbook profile.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

Stress-Testing (continued)

- Additionally, the Group is currently paying an interest rate on its facilities of approximately 9% based on the current SONIA rate of over 5% and the applicable margin. As previously noted, the increase in underlying SONIA rate required to breach covenants is deemed to be remote by management.
- Management is comfortable that any non-financial conditions and reporting requirements have been achieved and can be maintained throughout the going concern period.
- The current revolving credit facility expires on 1 July 2025, which is beyond the end of the period reviewed for Going Concern purposes. The Directors have assessed that the Group will either renew the facility or have sufficient time to agree an alternative source of finance within a suitable timeframe prior to the expiry date, as evidenced by the continued engagement of the lenders in agreeing the extension to 1 July 2025.

Accordingly, the Directors are satisfied that the Group is well placed to manage its business risks and to continue in operational existence for the going concern period to 28 December 2024.

Conclusion

In assessing the appropriateness of applying the going concern basis in the preparation of the Interim financial statements the Directors have considered the Group's liquidity and forecast cash flows taking into account severe yet plausible outcomes over the going concern period review to 28 December 2024.

As explained above, the severe yet plausible modelling shows 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. The Directors consider any scenario in which the Company would exhaust available liquidity or would breach covenants to be remote for the reasons detailed above. Combined with the recent extension to the Group's banking facilities by six months to 1 July 2025, the Directors are satisfied that the application of the going concern basis is appropriate and that no material uncertainty exists.

The Group will provide support to the Company.

For the purpose of providing support to the Company until 28 December 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 2023 Annual Report is available at 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 27 March 2022 to 25 March 2023 (continued)

Result and dividend

The Company received interest income in the current year of £1,268,000 (2022: £613,000). The Directors do not recommend the payment of a final dividend (2022: £nil). The retained profit of £1,268,000 (2022: £613,000) has been transferred to reserves.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2022: £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

1. Banking Facilities

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 18 December 2023 the Group entered into a new agreement with its banking syndicate to extend its banking facilities to 1 July 2025. From this date the Group will have Bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m) and bond and guarantee facilities of a maximum of £75m. The covenant tests described above under the going concern note will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024.

De La Rue Overseas Limited

Directors' Report for the period from 27 March 2022 to 25 March 2023 (continued)

2. *Pension deficit payments*

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.

An actuarial valuation of the Scheme has been undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this new valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed will be retained, with the only payment being £1.25m due under the June 2023 Recovery Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.

Approved by the Board on 21 December 2023 and signed on its behalf by:



.....
J Messent
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 27 March 2022 to 25 March 2023

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 of 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 for the year ended 25 March 2023 which comprise of Statement of Comprehensive Income, the Balance Sheet and Statement of Changes in Equity and the related notes 1 to 10, 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 25 March 2023 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 to 28 December 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)

Other information (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 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 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 the strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 any 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.

Ernst & Young LLP

**Sanjaya Gunapala (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
21 December 2023**

De La Rue Overseas Limited

Statement of Comprehensive Income for the period from 27 March 2022 to 25 March 2023

		27 March 2022 to 25 March 2023 £ 000	28 March 2021 to 26 March 2022 £ 000
	Note		
Turnover		-	-
Operating profit		-	-
Other interest receivable and similar income	3	1,268	613
Profit before Taxation		1,268	613
Taxation	5	-	-
Total comprehensive income for the financial period		1,268	613

The notes on pages 17 to 21 form an integral part of these financial statements.

De La Rue Overseas Limited

Balance Sheet as at 25 March 2023

	Note	25 March 2023 £'000	26 March 2022 £ 000
Current assets			
Debtors:			
Amounts falling due within one year		785	303
Amounts falling due over one year		27,158	26,372
	6	27,943	26,675
Net assets		27,943	26,675
Capital and reserves			
Called up share capital	7	2,500	2,500
Share premium reserve		1,500	1,500
Other reserves		18,544	18,544
Retained profit		5,399	4,131
Shareholder's funds		27,943	26,675

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 17 to 21 form an integral part of these financial statements.

Approved and authorised by the Board on 21 December 2023 and signed on its behalf by:



N Douglas
Director

De La Rue Overseas Limited

Statement of Changes in Equity for the period from 27 March 2022 to 25 March 2023

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

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
Balance at 27 March 2022	2,500	1,500	18,544	4,131	26,675
Profit for the period	-	-	-	1,268	1,268
Other Comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,268	1,268
Balance at 25 March 2023	2,500	1,500	18,544	5,399	27,943

The notes on pages 17 to 21 form an integral part of these financial statements.

De La Rue Overseas Limited

Notes to the Financial Statements for the period from 27 March 2022 to 25 March 2023

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 25 March 2023, being the last Saturday in March. The comparatives for the 2022 financial period are for the period ended 26 March 2022.

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.

Taxation

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 27 March 2022 to 25 March 2023 (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 28 December 2024.

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 27 March 2022 to 25 March 2023 (continued)

3 Other interest receivable and similar income

	27 March 2022 to 25 March 2023 £ 000	28 March 2021 to 26 March 2022 £ 000
Interest income on bank deposits	-	2
Interest income on loans to group undertakings	1,268	611
	1,268	613

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 (2022: £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% (2022: 19%).

The differences are reconciled below:

	27 March 2022 to 25 March 2023 £ 000	28 March 2021 to 26 March 2022 £ 000
Profit before tax	1,268	613
Corporation tax at standard rate at 19% (2022: 19%)	241	116
Group relief from other UK group companies	(241)	(116)
Total tax charge	-	-

Factors that may affect future tax charges

The standard rate of tax in the UK increased 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 27 March 2022 to 25 March 2023 (continued)

6 Debtors

	25 March 2023 £ 000	26 March 2022 £ 000
Amounts owed by group undertakings	27,943	26,675

Debtors includes £27,158,000 (2022: £26,372,000) 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 SONIA rate and an interest margin determined by the creditworthiness of the borrower.

7 Share Capital and reserves

Allotted, called up and fully paid shares

	25 March 2023		26 March 2022	
	No. 000	£ 000	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.

8 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 27 March 2022 to 25 March 2023 (continued)

9 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.

10 Subsequent events

Banking Facilities

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 18 December 2023 the Group entered into a new agreement with its banking syndicate to extend its banking facilities to 1 July 2025. From this date the Group will have Bank facilities of £235m including an RCF cash drawn component of up to £160m (a reduction of £15m) and bond and guarantee facilities of a maximum of £75m. The covenant tests described above under the going concern note will continue to apply to the facilities, other than the liquidity covenant where the minimum headroom is now defined as "available cash and undrawn RCF greater than or equal to £10m", to reflect the £15m reduction in RCF. In addition, an arrangement fee is due, equal to 1% of the facility, which will reduce to 0.5% if the facility is refinanced before 30 June 2024.

Pension deficit payments

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.

An actuarial valuation of the Scheme has been undertaken as at 30 September 2023. This showed a Scheme deficit of £78m. As a result of this new valuation, on 18 December 2023, the Company and the Scheme Trustee agreed a new schedule to fund the deficit. The funding moratorium until July 2024 as previously agreed will be retained, with the only payment being £1.25m due under the June 2023 Recovery Plan. This will be followed by deficit repair contributions from the Company of £8m per annum to the end of FY27, followed by higher contributions that at no time exceed £16m per annum and which run until December 2030 or until the Scheme becomes fully funded.

The next periodic actuarial valuation will be as at the end of September 2026, with the Scheme Trustee undertaking to provide the results of this valuation by January 2027, ahead of any increase in contribution from £8m per annum.