

Registration number: 03841833

# Diebold Nixdorf (UK) Limited

## Annual Report and Financial Statements

for the Year Ended 31 December 2019



# Diebold Nixdorf (UK) Limited

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## Contents

Company Information	1
Strategic Report	2 to 6
Directors' Report	7 to 9
Statement of Directors' Responsibilities	10
Independent Auditor's Report to the members of Diebold Nixdorf (UK) Limited	11 to 12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 to 45

# Diebold Nixdorf (UK) Limited

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## Company Information

**Directors** J M Ennis  
B M Gale  
P G Young

**Registered number** 03841833

**Registered office** One, The Boulevard  
Cain Road  
Bracknell  
Berkshire  
RG12 1WP

**Auditor** KPMG LLP  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3JH

# Diebold Nixdorf (UK) Limited

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## Strategic Report

for the Year Ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019.

### Principal activity

Diebold Nixdorf (UK) Limited is a UK subsidiary of the Diebold Nixdorf Inc. group, which is a leading global provider of IT solutions and services for the Retail and Banking industries.

### Business review

Diebold Nixdorf (UK) Limited has had a solid year, recorded a revenue of £201.2m (2018: £194.8m). This was in line with the growth expectations for the Company. The Banking Division shrank year on year due to reduced hardware and services sales, whereas the Retail Division grew, with significantly increased hardware sales.

The reported operating profit has increased from £3.1m in 2018 to £4.1m in 2019.

Working capital has been closely measured and managed. Inventory decreased by £0.7m in the year, to £1.1m (2018: £1.8m), trade receivables decreased by £7.7m to £30.3m (2018: £38.0m) and trade creditors decreased by £0.4m to £21.7m (2018: £22.1m). Overall the Company met its objectives in managing working capital.

### Principal risks and uncertainties

The Company's operations expose it to a variety of risks and uncertainties that could have material adverse effect on the Company's strategy and performance. Many of these are beyond the Company's control and driven by factors that often cannot be predicted. The directors regularly review and agree policies for managing these risks.

#### *Market and economic risk*

The strength of the domestic economy depends on a number of factors, including consumer confidence, unemployment levels, inflation and interest rates. A negative economic climate could have an adverse impact on the Company, through potentially creating financial pressure on our customers' ability and willingness to carry out capital investment, and therefore adversely affecting the purchase of our products or services.

The key factors at present which could potentially negatively impact domestic economic conditions are:

#### *COVID-19*

On 11 March 2020, the World Health Organization characterised the outbreak of COVID-19 as a global pandemic and recommended actions for containment and mitigation. The Company is actively monitoring the impact of the COVID-19 pandemic, which will likely impact the global economy including our business and results of operations for the rest of 2021, although to date we have not seen a material impact, due to the industry in which we operate and the mix of customers we have.

The extent of the COVID-19 impact to our operations will depend largely on future developments, along with any new information that may emerge regarding the severity of the pandemic and the actions taken by government authorities to mitigate the spread of the virus, among other factors, all of which are highly uncertain and cannot be accurately predicted.

As a result of the disruption and uncertainty related to the COVID-19 pandemic, the Company continues to assess the impacts on its investments and credit losses and the fair values may experience volatile movements that cannot be reasonably estimated.

## Strategic Report

for the Year Ended 31 December 2019

### Principal risks and uncertainties (continued)

During 2020, Diebold Nixdorf continued to proactively manage the risks and impacts of the global COVID-19 pandemic, including:

- Delivering outstanding service to customers, and received positive feedback from clients, including critical infrastructure providers such as supermarkets and financial institutions, in how effectively it has responded to the pandemic .
- Actively managing its pandemic crisis management plan, with its team of service engineers adhering to strict hygiene protocols, using gloves and masks when and where appropriate and sanitising equipment during servicing.
- Taking steps to ensure that the Company has been in a permanent contact with manufacturing and production facilities to manage potential supply challenges and continue to ship products to its customers.
- Maintained the execution pace of the DN Now transformation program and leveraged its operational rigour to further reduce costs, manage net working capital and reduce risks.

The Company continues to prioritise the health and safety of its employees as a result of the global COVID-19 pandemic, adapting to the new global environment and continuing to serve customers as an essential service provider, all while taking steps to protect its operational foundation. The Company has taken multiple measures to protect its employees, and it continues to evolve those measures based on input from various health authorities. The Company is equipping its service technicians with the appropriate protective gear and training them on evolving hygiene practices and social distancing rules. For employees in warehousing and staging facilities the Company has implemented daily temperature checks at entry to the building. The Company is providing the proper tools, resources and guidance for its support functions to safely and productively work from home during the crisis, including establishing an employee crisis reserve fund which is available for employees who need support. The Company has also focused on the stability of its suppliers and supply chain, as borders have shut and logistics have become more challenging.

### *Brexit*

The Company's assessment of the impact of Brexit on the business is considered primarily to be around lead times of products, with potential delays due to customs checks. The Company has considered mitigation strategies in relation to this risk. Furthermore, there is also the potential of import duties on products arriving into the UK. The Company's current assessment in relation to this risk indicates there should not be a significant impact in cost for the Company's products, and the Company has mitigation strategies where necessary.

The Company has now been operating for just over one month within the new trading rules. To date the Company has not experienced any material impacts to trade, with goods moving fairly freely through customs. It is also the case that the majority of our products are not subject to any duties and as such there has been a minimal change in our operating costs and cashflow.

### *Liquidity risk*

The Company self-funds its operations, however, it operates within a Group cash-pooling facility should additional liquidity be required. As such, the directors do not consider the Company to have any significant exposure to liquidity risk.

## Strategic Report

for the Year Ended 31 December 2019

### Principal risks and uncertainties (continued)

#### **Credit risk**

The Company minimises credit risk associated with its customer debtor book by applying appropriate credit verification and control procedures, and as such, the directors do not consider the Company to have any significant exposure to credit risk.

#### **Competitive risk**

The Company operates in an intensely competitive information technology industry characterised by rapidly changing technology and evolving industry standards. The directors consider the Company has sufficient structures and processes in place to identify, manage and mitigate the impact of competitive risk.

#### **Foreign exchange rate risk**

The Company requires some foreign currency for its operations, which expose it to some level of foreign exchange rate risk. Natural hedging occurs through income receipts from customers in required currencies. The Company has not entered into any derivative instruments or hedging contracts to reduce exposure to adverse foreign currency changes. Due to the Company's limited foreign currency exposure, the directors do not consider the Company to have any significant exposure to foreign exchange rate risk.

### Outlook

Looking forward we will look to build on the successful volume increases and new customer wins in 2019 and benefit from Diebold Nixdorf group's continued investment in research and development into new products and solutions to meet customer requirements and to deal with the challenges they face.

### **S.172(1) Statement and engagement with employees and other stakeholders**

The following statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006.

This statement also includes disclosures relating to engagement with employees and other stakeholders.

The Company is part of the wider Diebold Nixdorf group and its ultimate parent company is Diebold Nixdorf, Incorporated. As such, the Company follows many of the processes and practices of the Diebold Nixdorf group which are further referenced in this statement where relevant.

When making decisions, each director ensures that they act in a way that they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### **S172(1) (A) "The likely consequences of any decision in the long term"**

The Company is run as a business unit of the Diebold Nixdorf group. The directors understand the business and the evolving environment in which we operate. The strategy followed by the directors, and decisions taken to implement it, is intended to strengthen our position in the marketplace over the longer term. Our directors apply the group strategies set by our ultimate parent company.

## Strategic Report

for the Year Ended 31 December 2019

### **S172(1) (B) “The interests of the Company’s employees”**

The directors recognise that employees are fundamental to the Company's success and is dedicated to their growth and development. The Company continually communicates with its employees through formal and informal meetings, offline and online communications. The business leaders frequently organise calls with employees to discuss latest business strategy, business wins and current issues affecting the business, such as Covid-19. The Company frequently makes use of town hall meetings and employee surveys to obtain feedback and strengthen engagement.

### **S172(1) (C) “The need to foster the Company’s business relationships with suppliers, customers and others”**

The directors recognise the importance of clear communication and proactive engagement with stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the Company. The Company undertakes service reviews on a monthly basis with its customers to evaluate the quality of service provided and takes action, on the basis of feedback received. We engage with our suppliers to ensure they also uphold the same standard and share the same commitment. Our suppliers are expected to comply with all applicable laws, including applicable anti-corruption laws, around the world; promote diversity and good corporate citizenship; meet and exceed environment, health and safety standards; respect human rights; support a sustainable and transparent supply chain, including responsible mineral sourcing practices; and utilize management systems and processes necessary to enable compliance with the Supplier Code of Conduct.

### **S172(1) (D) “The impact of the Company’s operations on the community and the environment”**

The directors are committed to supporting economic, cultural, social and educational well-being of communities by investing in innovative programs that provide solutions and benefit to communities at large. The Company regularly volunteers time with the local community; examples include donation of food and equipment in light of the current virus outbreak, Covid-19 to a local charity; promoting employees to sponsor local events and allowing employees to take one day each year to spend time volunteering.

More details on the Company’s corporate social responsibility can be found on the group company website - <https://www.dieboldnixdorf.com/en-us/about-us/corporate-responsibility>.

### **S172(1) (E) “The desirability of the Company maintaining a reputation for high standards of business conduct”**

The Company follows policies set at the group level for engaging and maintaining business relationships. The Company and the wider Diebold Nixdorf group are committed to the highest ethical, social and environmental principles, consistent with Diebold Nixdorf’s Code of Business Ethics and the Supplier Code of Conduct. The codes are designed to provide guidance on the group’s standards for upholding the group’s shared values, which form the foundation of business relationships with customers, partners, and suppliers that maintain and guide the decisions to achieve the Company’s business objective.

Further information on the group’s shared values can be found within the Diebold Nixdorf annual report - <https://investors.dieboldnixdorf.com/financial-information/annual-reports>.

### **S172(1) (F) “The need to act fairly as between members of the Company”**

The Company is a wholly owned subsidiary of Wincor Nixdorf International GmbH and adheres to the group policies, often set by the ultimate parent, Diebold Nixdorf, Incorporated.

# Diebold Nixdorf (UK) Limited

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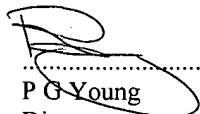
## Strategic Report

for the Year Ended 31 December 2019

### Principal Decisions

The Company adheres to policies and procedures which are often set by the ultimate parent company, Diebold Nixdorf, Incorporated.

Approved by the Board on 23/02/2021 and signed on its behalf by:

  
.....  
P G Young  
Director

# Diebold Nixdorf (UK) Limited

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## Directors' Report

for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

### Directors' of the Company

The directors who held office during the year, were as follows:

J M Ennis (appointed 20 February 2019)

B M Gale

P G Young

### Dividends

Dividends of £3,120,688 (26.80p per share) were paid during the year (2018: £8,034,828 (69.00p per share)).

### Employees

The Company employed 650 personnel (2018: 631) at the year end.

Employee engagement remained critical throughout the year to ensure all staff understood and were aligned behind the Global Business change programme, focusing on three high impact areas: Customer Focus, Operational Excellence and Culture and Talent, which included changes in our operating model.

The Company is absolutely committed to promoting an environment free from discrimination, harassment and victimisation and works hard to ensure everyone across the Company receives equal treatment, regardless of age, sex, sexual orientation, race, colour, nationality, ethnic origin, marital status, mental or physical disability, religion or belief.

Diebold Nixdorf (UK) Limited operates an equal opportunities employment policy and is opposed to all forms of discrimination. Our selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, taking into account their aptitudes and skills. In the event of employees becoming disabled, every effort is made to ensure their employment with the Company continues and appropriate training arranged. So far as possible the Company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

### Employee and Stakeholder Engagement

We recognise the importance of clear communication and proactive engagement with our stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the Company. The Company's ultimate controlling party, Diebold Nixdorf, Incorporated, shapes the business strategies for the group which has an impact on the long-term development of the Company. In practice, all decisions and policies affecting employees, suppliers and business relationships with stakeholders are implemented by the directors in line with the business strategies decided at the group level and they promote the interests of the ultimate controlling party and the group as a whole. For further information on the strategy and governance of Diebold Nixdorf please refer to <https://www.dieboldnixdorf.com/en-us>.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) (the 'Regulations'), we have set out the details on employee engagement and other key stakeholder engagement as part of our section 172 statement on pages 4 to 6.

# Diebold Nixdorf (UK) Limited

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## Directors' Report

for the Year Ended 31 December 2019

### Political donations

The Company made no political donations or incurred any political expenditure during the year (2018: nil).

### Going concern

At 31 December 2019, the Company balance sheet had net current assets of £9,442,000 (2018: £10,703,000) and net assets of £12,892,000 (2018: £14,756,000). This included a cash balance of £173,000. The Company has no credit facilities in place.

The Company is the UK distributor of Diebold Nixdorf products and services and earns a fixed margin on these activities via transfer pricing adjustment scheme. Further, the Company participates in a cash pooling arrangement with another Diebold Nixdorf entity and does not hold any cash balances. Accordingly the Company's activities are highly integrated with those of its parent Diebold Nixdorf Inc. and its ability to settle liabilities is dependent on the financial condition of the Diebold Nixdorf Inc group.

The directors have considered the current position of the Diebold Nixdorf Inc group and have confirmed that Diebold Nixdorf Inc intends to continue to use the Company to sell to UK markets. The directors have also considered the recent trading results of the Diebold Nixdorf Inc group including those since the COVID-19 pandemic and based on these discussions consider that that Diebold Nixdorf Inc group will be able to continue to trade and provide cash pooling arrangements for a period of at least 12 months from the date of approval of these financial statements.

Based on the assumption that the Company will continue to distribute Diebold Nixdorf products and services in the UK and that the current cash pooling arrangements will remain available, the directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds, through its cash generation to meet its liabilities as they fall due for that period. As with any company placing reliance on other group entities for continuing trade, the directors acknowledge that there can be no certainty that this will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

### 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 auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

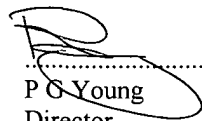
# Diebold Nixdorf (UK) Limited

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## Directors' Report

for the Year Ended 31 December 2019

Approved by the Board on ...23/02/2021... and signed on its behalf by:

  
.....  
P C Young  
Director

One, The Boulevard  
Cain Road  
Bracknell  
Berkshire  
RG12 1WP

## Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern; 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.

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# Independent Auditor's Report to the members of Diebold Nixdorf (UK) Limited

## Opinion

We have audited the financial statements of Diebold Nixdorf (UK) Limited (the "Company") for the year ended 31 December 2019, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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# Independent Auditor's Report to the members of Diebold Nixdorf (UK) Limited

## Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

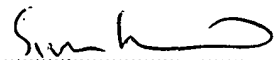
## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

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 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.



Simon Baxter (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
2 Forbury Place, 33 Forbury Road, Reading, RG1 3JH

Date: 24 February 2021

# Diebold Nixdorf (UK) Limited

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## Income Statement

for the Year Ended 31 December 2019

	<i>Note</i>	<i>2019</i> <i>£ 000</i>	<i>2018</i> <i>£ 000</i>
<b>Revenue</b>	4	201,217	194,771
Cost of sales		<u>(178,763)</u>	<u>(174,149)</u>
<b>Gross profit</b>		22,454	20,622
Distribution costs		(3,661)	(2,849)
Administrative expenses		<u>(14,695)</u>	<u>(14,716)</u>
<b>Operating profit</b>	5	4,098	3,057
Income from subsidiary	16	<u>9</u>	<u>25</u>
<b>Profit before interest and taxation</b>		4,107	3,082
Finance income	8	522	502
Finance costs	9	<u>(1,630)</u>	<u>(519)</u>
<b>Net finance costs</b>		<u>(1,108)</u>	<u>(17)</u>
<b>Profit before tax</b>		2,999	3,065
Tax on profit	10	<u>(854)</u>	<u>(735)</u>
<b>Profit for the year</b>		<u><u>2,145</u></u>	<u><u>2,330</u></u>

All of the above results are from continuing activities.

The notes on pages 17 to 45 form an integral part of these financial statements.

# Diebold Nixdorf (UK) Limited

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## Statement of Comprehensive Income for the Year Ended 31 December 2019

	<i>Note</i>	<i>2019</i> £ 000	<i>2018</i> £ 000
Profit for the year		<u>2,145</u>	<u>2,330</u>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial (loss)/gain on pension scheme	23	(1,070)	1,053
Movement on deferred tax relating to pension deficit		<u>182</u>	<u>(246)</u>
Other comprehensive (loss)/income for the year		<u>(888)</u>	<u>807</u>
Total comprehensive income for the year		<u><u>1,257</u></u>	<u><u>3,137</u></u>

All of the above results are from continuing activities.

The notes on pages 17 to 45 form an integral part of these financial statements.

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# Diebold Nixdorf (UK) Limited

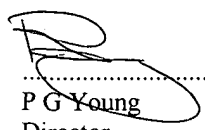
## Statement of Financial Position

as at 31 December 2019

Registration number: 03841833

	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Intangible assets	12	3,818	3,883
Property, plant and equipment	13	1,599	2,121
Right of use assets	14	5,312	-
Investments in subsidiaries	16	-	-
		<u>10,729</u>	<u>6,004</u>
<b>Current assets</b>			
Inventories	17	1,071	1,826
Trade and other receivables	18	57,702	56,509
Cash at bank and in hand		<u>173</u>	<u>60</u>
		58,946	58,395
<b>Creditors: Amounts falling due within one year</b>	19	<u>(49,504)</u>	<u>(47,692)</u>
<b>Net current assets</b>		<u>9,442</u>	<u>10,703</u>
<b>Total assets less current liabilities</b>		20,171	16,707
<b>Creditors: Amounts falling due after more than one year</b>	20	(4,514)	-
<b>Provisions for liabilities</b>			
Pension liability	23	<u>(2,765)</u>	<u>(1,951)</u>
<b>Net assets</b>		<u>12,892</u>	<u>14,756</u>
<b>Capital and reserves</b>			
Called up share capital	24	11,644	11,644
Profit and loss account		<u>1,248</u>	<u>3,112</u>
<b>Shareholders' funds</b>		<u>12,892</u>	<u>14,756</u>

Approved by the Board on 23/02/2021 and signed on its behalf by:

  
P G Young  
Director

The notes on pages 17 to 45 form an integral part of these financial statements.

# Diebold Nixdorf (UK) Limited

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## Statement of Changes in Equity

for the Year Ended 31 December 2019

	<i>Called up share capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total £ 000</i>
At 1 January 2018	11,644	8,010	19,654
Profit for the year	-	2,330	2,330
Actuarial gains on pension scheme	-	1,053	1,053
Movement on deferred tax relating to pension deficit	-	(246)	(246)
Total comprehensive income	-	3,137	3,137
Dividends	-	(8,035)	(8,035)
At 31 December 2018	<u>11,644</u>	<u>3,112</u>	<u>14,756</u>
At 1 January 2019	11,644	3,112	14,756
Profit for the year	-	2,145	2,145
Actuarial loss on pension scheme	-	(1,070)	(1,070)
Movement on deferred tax relating to pension deficit	-	182	182
Total comprehensive income	-	1,257	1,257
Dividends	-	(3,121)	(3,121)
At 31 December 2019	<u>11,644</u>	<u>1,248</u>	<u>12,892</u>

The notes on pages 17 to 45 form an integral part of these financial statements.

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The principal activity of Diebold Nixdorf (UK) Limited is a UK subsidiary of the Diebold Nixdorf Inc. group, which is a leading global provider of IT solutions and services for the Retail and Banking industries. The Company's registered number is 03841833.

The address of its registered office is:

One, The Boulevard  
Cain Road  
Bracknell  
Berkshire  
RG12 1WP

### 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.

#### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements have been prepared under the historical cost convention and in accordance with applicable law.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The presentation currency of the financial statements is Pounds Sterling (£) and all amounts are rounded to the nearest thousand pounds.

#### **Exemption from preparing group accounts**

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **Summary of disclosure exemptions**

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### **Summary of disclosure exemptions (continued)**

- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRS.

As the Company is a wholly owned subsidiary of Wincor Nixdorf International GmbH, the majority of the Company's voting rights are ultimately controlled within the group headed by Diebold Nixdorf Inc, the Company has also taken exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Diebold Nixdorf Inc, within which this Company is included, and can be obtained from 5995 Mayfair Road, PO Box 3077, North Canton, Ohio 44720-8077, USA.

#### **Changes in accounting policy**

##### **New standards, interpretations and amendments effective**

The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

IFRS 16 Leases (see note 26). This has been adopted using the modified retrospective method and as a result comparatives have not been restated and reported under IAS 17.

##### **Going concern**

At 31 December 2019, the Company balance sheet had net current assets of £9,442,000 (2018: £10,703,000) and net assets of £12,892,000 (2018: £14,756,000). This included a cash balance of £173,000. The Company has no credit facilities in place.

The Company is the UK distributor of Diebold Nixdorf products and services and earns a fixed margin on these activities via transfer pricing adjustment scheme. Further, the Company participates in a cash pooling arrangement with another Diebold Nixdorf entity and does not hold any cash balances. Accordingly the Company's activities are highly integrated with those of its parent Diebold Nixdorf Inc. and its ability to settle liabilities is dependent on the financial condition of the Diebold Nixdorf Inc group.

The directors have considered the current position of the Diebold Nixdorf Inc group and have confirmed that Diebold Nixdorf Inc intends to continue to use the Company to sell to UK markets. The directors have also considered the recent trading results of the Diebold Nixdorf Inc group including those since the COVID-19 pandemic and based on these discussions consider that that Diebold Nixdorf Inc group will be able to continue to trade and provide cash pooling arrangements for a period of at least 12 months from the date of approval of these financial statements.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### ***Going concern (continued)***

Based on the assumption that the Company will continue to distribute Diebold Nixdorf products and services in the UK and that the current cash pooling arrangements will remain available, the directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds, through its cash generation to meet its liabilities as they fall due for that period. As with any company placing reliance on other group entities for continuing trade, the directors acknowledge that there can be no certainty that this will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

#### ***Goodwill***

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for indicators of impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the period and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the income statement in the periods in which the non-monetary assets arising on the same acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit and loss in the periods expected to benefit.

#### ***Intangible assets and amortisation***

Intangible assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Fair values are restricted to an amount that does not create, or increase, any negative goodwill.

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods over a maximum of 5 years.

#### ***Impairment of property, plant and equipment and goodwill***

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### ***Impairment of property, plant and equipment and goodwill (continued)***

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### ***Product development costs***

Any expenditure on pure research is expensed as incurred. Product development expenditure is written off in the period of expenditure except when:

- There is a clearly defined project;
- The related expenditure is separately identifiable;
- The outcome of the project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability;
- The aggregate of the deferred development costs, any further development costs, and related operating costs is expected to be exceeded by related future revenues; and
- Adequate resources are expected to be available to enable the project to be completed and to provide any consequential increases in working capital.

In foregoing circumstances development expenditure is deferred to the extent that its recovery can reasonably be regarded as assured. Development costs deferred to future periods are amortised on a straight line basis over the period of the related initial customer contract, with amortisation commencing from the start of live operation of the customer service.

#### ***Property, plant and equipment and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	5 years
Fixtures, fittings, tools and equipment	3 to 5 years or over life of lease if less

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the income statement.

#### **Post-retirement benefits – Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### **Post-retirement benefits – Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted.

The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to the defined benefit plan in employee benefit expenses in the income statement.

The calculation of the defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. In determining the cost of finished goods and goods for resale, the weighted average purchase price is used.

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### **Taxation**

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax is measured on a non-discounted basis using tax rates enacted or substantively enacted at the statement of financial position date and that are expected to apply in the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **Revenue recognition**

Revenue is recognised after deduction of bonuses, discounts or rebates when control over the goods or services has been transferred to the customer. In general, this is the case when the delivery has been made or the service has been rendered, the rights and payment terms regarding goods and services to be transferred can be identified and when the receipt of payment is reasonably certain. Revenue for contracts with customers, particularly in relation to the sale of ATMs and ePOS systems as well as the provision of services, is recognised in the Company primarily on the basis of individual contracts. Revenue is recognised at the amount of the contractually agreed consideration as soon as the customer has gained control over the goods or uses the services provided. Under IFRS 15, the total consideration attributable to service contracts is allocated to the services on the basis of stand-alone selling prices. The standalone selling prices are determined on the basis of the list prices at which the Company offers its services as part of separate transactions. Based on the Company's assessment, the fair values and the standalone selling prices for services are, to a large extent, comparable. Significant financing components are not included in the contracts with customers as standard market payment targets are agreed as a general rule. A provision is set up for statutory and contractual warranty obligations.

With regard to projects which are under the control of the ordering party during production and for which the Company has a legal right to payment for the work already performed, including an appropriate margin, Diebold Nixdorf recognises revenue and the cost of sales in accordance with the degree of completion. This means that, for these projects, control is transferred and revenue is recognised over a specific period. The degree of completion is determined using the milestone method; in other words, work performed is recognised in relation to total work, which best represents the performance progress. If the earnings from a contract cannot be determined reliably, revenue is only recognised in the amount of the costs incurred that are likely recoverable.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### **Revenue recognition (continued)**

Under bill-and-hold arrangements, an entity bills a customer and recognises revenue for a product but retains physical possession of the product until it is transferred to the customer at a point in time in the future. In order to recognise revenue appropriately, an entity should determine when it has satisfied its performance obligation to transfer a product by evaluating when a customer obtains control of that product. Typically, control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the terms of the contract.

#### **Leases (policy applicable from 1 January 2019)**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### **Leases (policy applicable from 1 January 2019) (continued)**

##### *As a lessee (continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right of use assets' and lease liabilities in 'creditors' in the Statement of Financial Position.

#### **Provisions for liabilities and charges**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are discounted to present value using a pre-tax discount rate that reflects the risks specific to the liability, where the effect is material.

#### **Financial instruments**

##### **(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) *Classification and subsequent measurement*

##### *Financial assets*

#### (a) *Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

## Notes to the Financial Statements for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### (b) *Subsequent measurement and gains and losses*

*Financial assets at FVTPL* - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### *Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### *Intra-group financial instruments*

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### (iii) *Impairment*

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 2 Accounting policies (continued)

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### *Share capital*

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed in this note. The directors do not consider there to be any critical accounting judgements, estimates or assumptions.

### 4 Revenue

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

	2019	2018
	£ 000	£ 000
Retail	65,585	66,190
Banking	32,562	29,319
Services	103,070	99,262
	<u>201,217</u>	<u>194,771</u>

All of the Company's turnover has been generated from the UK.

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 4 Revenue (continued)

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	<i>Note</i>	<i>2019</i> £ 000	<i>2018</i> £ 000
Receivables	18	30,258	37,971
Contract assets	18	496	-
Contract liabilities	19	<u>5,118</u>	<u>3,561</u>

The amount of revenue recognised in the current period from performance obligations satisfied in previous periods was £nil.

The amount of revenue recognised in the current year that was included in the contract liability balance at the beginning of the year was £3,561,000 (2018: £3,576,000).

### 5 Operating profit

Arrived at after charging/(crediting)

	<i>2019</i> £ 000	<i>2018</i> £ 000
Depreciation expense	629	545
Amortisation expense on intangible assets	231	105
Amortisation expense on right of use assets	2,096	-
Operating lease expense - plant and machinery	-	1,293
Operating lease expense - other	-	1,447
Profit on disposal of property, plant and equipment	(1)	-
Audit fees payable	<u>384</u>	<u>252</u>

### 6 Staff costs

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

	<i>2019</i>	<i>2018</i>
Logistics, administration and sales support	67	61
Sales	46	41
Customer support and services	<u>537</u>	<u>529</u>
	<u>650</u>	<u>631</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2019

### 6 Staff costs (continued)

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

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Wages and salaries	40,608	37,367
Social security costs	4,901	4,706
Pension and other post-employment benefit costs	1,902	1,611
	<u>47,411</u>	<u>43,684</u>

### 7 Directors' remuneration

The directors' emoluments for the year was as follows:

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Aggregate emoluments	823	512
Company contributions to money purchase pension schemes	42	31
	<u>865</u>	<u>543</u>

The total amount of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £598,426 (2018: £321,680), and Company pension contributions of £28,471 (2018: £19,833) were made to a money purchase scheme on his behalf.

	<i>2019</i>	<i>2018</i>
Number of directors accruing benefits under a money purchase scheme	2	2
Number of directors who exercised share options	<u>1</u>	<u>2</u>

### 8 Other interest receivable and similar income

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Interest income from loans to group undertakings	66	55
Interest cost on defined benefit obligation	456	447
	<u>522</u>	<u>502</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 9 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest paid to group undertakings	9	-
Other finance costs	503	519
Interest expense on lease liabilities	1,118	-
	<u>1,630</u>	<u>519</u>

### 10 Income tax

Tax charged/(credited) in the income statement

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
UK corporation tax	630	551
UK corporation tax adjustment to prior periods	128	95
	<u>758</u>	<u>646</u>
<b>Deferred taxation</b>		
Current year	(12)	89
Adjustment in respect of previous periods	107	-
Effect of changes in tax rates	1	-
Total deferred taxation	<u>96</u>	<u>89</u>
<b>Tax expense in the income statement</b>	<u>854</u>	<u>735</u>

*Tax expense included in other comprehensive income*

	2019 £ 000	2018 £ 000
Deferred tax on remeasurement of defined benefit liability	<u>182</u>	<u>(246)</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 10 Income tax (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	<i>2019</i> £ 000	<i>2018</i> £ 000
Profit before tax	<u>2,999</u>	<u>3,065</u>
Corporation tax at standard rate	570	582
<b>Effects of:</b>		
Adjustment to tax charge in respect of for prior years	234	95
Non-deductible expenses	45	(32)
Income not taxable	(2)	(5)
Deferred tax in relation to origination and reversal of temporary differences	-	95
Tax rate changes	1	-
Share options	7	-
Other	<u>(1)</u>	<u>-</u>
Total tax charge	<u>854</u>	<u>735</u>

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The Finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which decided to reduce the rate further to 17% from 1 April 2020. However, in the budget on 11 March 2020, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would remain at 19% as of 1 April 2020 and would no longer reduce to 17%.

### 11 Dividends

The aggregate amount of dividends includes:

	<i>2019</i> £ 000	<i>2018</i> £ 000
Dividends paid during the year	<u>3,121</u>	<u>8,035</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 12 Intangible assets

	<i>Goodwill</i> £ 000	<i>Product development costs</i> £ 000	<i>Total</i> £ 000
<b>Cost or valuation</b>			
At 1 January 2019	12,763	1,645	14,408
Additions	-	166	166
At 31 December 2019	<u>12,763</u>	<u>1,811</u>	<u>14,574</u>
<b>Amortisation</b>			
At 1 January 2019	10,341	184	10,525
Amortisation charge	-	231	231
At 31 December 2019	<u>10,341</u>	<u>415</u>	<u>10,756</u>
<b>Carrying amount</b>			
At 31 December 2019	<u>2,422</u>	<u>1,396</u>	<u>3,818</u>
At 31 December 2018	<u>2,422</u>	<u>1,461</u>	<u>3,883</u>

Capitalised product development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as, in the directors' view, it is an asset that will result in future economic benefits arising from increased revenue and related profits/reduced costs.

In accordance with FRS 101, goodwill is not amortised, but is reviewed annually for indications of impairment or more frequently if there are indications that it may be impaired. The carrying amount was tested for impairment at 31 December 2019. The directors consider each acquisition separately for the purpose of determining the impairment of any goodwill that arises. Goodwill relates to (i) the acquisition of Siemens Nixdorf Retail and Banking Limited on 22 December 1999, which has been assessed as fully impaired at 31 December 2018, and (ii) the business of Datalect Group Limited which was transferred to the Company on 1 October 2008 and was tested for impairment at 31 December 2019. Having assessed the anticipated future cashflows of the business, the directors do not consider there to be any impairment charge to be recognised by the Company in the year ended 31 December 2019.

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2019

### 13 Property, plant and equipment

	<i>Leasehold improvements £ 000</i>	<i>Furniture, fittings and equipment £ 000</i>	<i>Total £ 000</i>
<b>Cost or valuation</b>			
At 1 January 2019	2,511	1,249	3,760
Additions	26	80	106
At 31 December 2019	<u>2,537</u>	<u>1,329</u>	<u>3,866</u>
<b>Depreciation</b>			
At 1 January 2019	1,027	612	1,639
Charge for the year	440	189	629
Disposals	-	(1)	(1)
At 31 December 2019	<u>1,467</u>	<u>800</u>	<u>2,267</u>
<b>Carrying amount</b>			
At 31 December 2019	<u>1,070</u>	<u>529</u>	<u>1,599</u>
At 31 December 2018	<u>1,484</u>	<u>637</u>	<u>2,121</u>

# Diebold Nixdorf (UK) Limited

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 14 Right of use assets

	<i>Leasehold property £ 000</i>	<i>Vehicles and equipment £ 000</i>	<i>Total £ 000</i>
<b>Cost or valuation</b>			
At 1 January 2019	5,663	1,106	6,769
Additions	-	639	639
At 31 December 2019	<u>5,663</u>	<u>1,745</u>	<u>7,408</u>
<b>Depreciation</b>			
At 1 January 2019	-	-	-
Charge for the year	<u>1,456</u>	<u>640</u>	<u>2,096</u>
At 31 December 2019	<u>1,456</u>	<u>640</u>	<u>2,096</u>
<b>Carrying amount</b>			
At 31 December 2019	<u>4,207</u>	<u>1,105</u>	<u>5,312</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

### 15 Lease liabilities

	<i>2019 £ 000</i>	<i>2018 £ 000</i>
<b>Amounts falling due within one year</b>		
Lease liabilities	2,081	-
<b>Amounts falling due after more than one year</b>		
Lease liabilities	<u>4,514</u>	<u>-</u>
	<u>6,595</u>	<u>-</u>

#### *Amounts recognised in profit or loss*

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	<i>2019 £ 000</i>	<i>2018 £ 000</i>
<b>2019 - Leases under IFRS 16</b>		
Interest expense on lease liabilities	<u>1,118</u>	<u>-</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 16 Investments in subsidiaries

	2019 £	2018 £
<b>Cost</b>		
At beginning and at end of the year	<u>1</u>	<u>1</u>

Details of the subsidiaries as at 31 December 2019 are as follows:

<i>Name of subsidiary</i>	<i>Principal activity</i>	<i>Registered office</i>	<i>Holding</i>	<i>Proportion of ownership interest and voting rights held</i>	
				<i>2019</i>	<i>2018</i>
Diebold Nixdorf Banking Services Limited	Servicing of IT equipment	One, The Boulevard, Cain Road, Bracknell, Berkshire, RG12 1WP, United Kingdom	Ordinary	100%	100%
				2019 £ 000	2018 £ 000

### *Dividends received from subsidiary undertakings*

Diebold Nixdorf Banking Services Limited	<u>9</u>	<u>25</u>
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### 17 Inventories

	2019 £ 000	2018 £ 000
Work in progress	772	1,191
Finished goods and goods for resale	<u>299</u>	<u>635</u>
	<u>1,071</u>	<u>1,826</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 18 Trade and other receivables

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Trade receivables	30,258	37,971
Amounts owed by group undertakings	23,695	16,081
Other receivables	1,514	170
Deferred tax asset (note 21)	464	371
Prepayments and accrued income	1,275	1,916
Contract assets	496	-
	<u>57,702</u>	<u>56,509</u>

### 19 Creditors: Amounts falling due within one year

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Trade creditors	21,674	22,127
Payment on account	330	990
Amounts owed to group undertakings	3,585	7,903
Taxation and social security	5,113	6,312
Corporation tax liability	152	-
Deferred tax liability (note 21)	107	100
Short term lease liabilities	2,081	-
Accruals and deferred income	16,462	10,260
	<u>49,504</u>	<u>47,692</u>

### 20 Creditors: Amounts falling due after more than one year

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Long term lease liabilities	<u>4,514</u>	<u>-</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 21 Deferred tax

	<i>2019</i> <i>£ 000</i>	<i>2018</i> <i>£ 000</i>
<b><i>At beginning of the year:</i></b>		
Relating to origination and reversal of temporary differences	(100)	(10)
Relating to defined benefit pension deficit	371	616
<b><i>Movement in deferred tax during the year:</i></b>		
Included in the income statement	(96)	(89)
Included in other comprehensive income	182	(246)
<b><i>At end of the year</i></b>	<u>357</u>	<u>271</u>

The elements of deferred taxation are as follows:

	<i>2019</i> <i>£ 000</i>	<i>2018</i> <i>£ 000</i>
Difference between accumulated depreciation and amortisation and capital allowances	(107)	(100)
Defined benefit liability	464	371
Net deferred tax asset (see notes 18 and 19)	<u>357</u>	<u>271</u>

### 22 Commitments

- (a) Capital commitments at the end of the financial year for which no provision has been made, are nil (2018: nil).
- (b) The Company has entered into no commitments in respect of finance leases (and similar hire purchase contracts) during the financial year.
- (c) Minimum lease payments under non-cancellable operating leases recognised in accordance with IAS 17 Leases as at 31 December 2018:

# Diebold Nixdorf (UK) Limited

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 22 Commitments (continued)

	<i>2018</i>	<i>2018</i>
	<i>Land and</i>	<i>Other</i>
	<i>buildings</i>	<i>£000</i>
	<i>£000</i>	<i>£000</i>
Not later than one year	1,442	801
Later than one year and not later than five years	4,514	587
Later than five years	176	-
	<u>6,132</u>	<u>1,388</u>

### 23 Pension and other schemes

#### **Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,798,192 (2018 - £1,493,273).

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

#### **Defined benefit pension schemes**

The Company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. The scheme is closed to new entrants. An actuarial valuation was carried out at 31 December 2019 for FRS 101 purposes by a qualified independent actuary.

The liabilities have been calculated with reference to the membership data as at 30 September 2016, the date of the latest completed triennial funding valuation. As a part of triennial valuation 2016, the Trustees and the Employer have agreed a recovery plan in order to eliminate the deficit of £2,472,000. This states that the Employer shall pay deficit contributions of £312,000 per annum from 1 January 2018 to 31 December 2022. The total contributions paid during the year including the normal contributions for the year 31 December 2019 is £406,000 (2018: £439,000).

The information disclosed below is in respect of the whole of the plan for which the Company is the sponsoring employer throughout the years shown.

	<i>2019</i>	<i>2018</i>
	<i>£ 000</i>	<i>£ 000</i>
Fair value of assets	18,739	16,869
Defined benefit obligation	<u>(21,504)</u>	<u>(18,820)</u>
Net defined benefit liability as of the year end date	<u>(2,765)</u>	<u>(1,951)</u>

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2019

### 23 Pension and other schemes (continued)

	2019 £ 000	2018 £ 000
<i>Change in defined benefit obligation</i>		
Defined benefit obligation as of the prior period end date	18,820	21,747
Current service cost	103	127
Interest cost on the defined benefit obligation	503	519
Remeasurement	2,452	(1,689)
Plan participants' contributions	19	26
	-	-
Disbursements from plan assets	(393)	(1,910)
Defined benefit obligation as of the year end date	<u>21,504</u>	<u>18,820</u>
	2019 £ 000	2018 £ 000
<i>Change in plan assets</i>		
Fair value of plan assets as of the prior period end date	16,869	18,503
Interest income on plan assets	456	447
Return on plan assets greater/(less) than discount rate	1,382	(636)
Employer contributions	406	439
Plan participants' contributions	19	26
	-	-
Disbursements	(393)	(1,910)
Fair value of plan assets as of the year end date	<u>18,739</u>	<u>16,869</u>
	2019 £ 000	2018 £ 000
<i>Cost in profit and loss for current year</i>		
Current service cost	103	127
Interest cost on defined benefit obligation	503	519
Interest income on plan assets	(456)	(447)
Cost recognised in Income Statement	<u>150</u>	<u>199</u>

# Diebold Nixdorf (UK) Limited

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 23 Pension and other schemes (continued)

	2019 £ 000	2018 £ 000
<b>Remeasurement effects recognised in other comprehensive income (OCI)</b>		
Actuarial (gain)/loss	2,452	(1,689)
Return on plan assets (greater)/less than discount rate	(1,382)	636
Remeasurement effects recognised in OCI	<u>1,070</u>	<u>(1,053)</u>

The total amount recognised in other comprehensive income in respect of remeasurement effects is a loss of £1,070,000 (2018: gain of £1,053,000).

	2019 £ 000	2018 £ 000
Equities	6,516	5,594
Bonds and cash	9,354	8,396
Real estate	1,383	1,406
Other quoted securities	1,486	1,473
	<u>18,739</u>	<u>16,869</u>
Actual return on plan asset over period	<u>1,838</u>	<u>(189)</u>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the scheme's investment portfolio.

Weighted-average assumptions used to determine:

	31 December 2019	31 December 2018
	% pa	% pa
Discount rate	1.90%	2.70%
Rate of salary increases	2.75%	2.75%
Rate of price inflation (RPI)	3.20%	3.40%
Rate of price inflation (CPI)	2.40%	2.40%
Rate of increase for pension in deferment	2.40%	2.40%
Rate of increase for pension in payment (RPI, max 5%)	3.10%	3.30%
Rate of increase for pension in payment (CPI, max 2.5%)	1.90%	1.90%

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements for the Year Ended 31 December 2019

### 23 Pension and other schemes (continued)

	31 December 2019	31 December 2018
<b>Mortality:</b>		
- Base table	90% S3PA	90% S2PA
- Future improvements	CMI_2018 Core	CMI_2017 Core
- Long term rate	1.50%	1.50%
<b>Expected future lifetime from age 65:</b>		
- Male currently aged 65	22.8	23.0
- Female currently aged 65	25.0	24.9
- Male currently aged 45	24.5	24.7
- Female currently aged 45	26.8	26.7
Withdrawals	nil	nil
Commutation	2.25 times initial pension	2.25 times initial pension

The weighted average duration of the defined benefit obligation at the end of the reporting period is 21 years.

The changes in methodology on deriving the CPI from the prior year were due to the announcement by the UK Chancellor, and the confirmation by the UK Statistics Authority on 4th September 2019 that the RPI could be changed from 2030 without the consent of the government, including the intention to align the RPI to CPIH.

	2019 £ 000	2018 £ 000
<b>Reconciliation of net Statement of Financial Position position</b>		
Net defined benefit liability as of the prior period end date	(1,951)	(3,244)
Cost recognised in Profit and Loss Account	(150)	(199)
Remeasurement (loss)/gain recognised in OCI	(1,070)	1,053
Employer contributions paid to plan assets	406	439
Net defined benefit liability as of the year end date	<u>(2,765)</u>	<u>(1,951)</u>

The expected returns on plan assets are estimates of market expectations at the beginning of the period for returns over the entire life of the benefit obligation.

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the time-scale covered, may not necessarily be borne out in practice.

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 24 Called up share capital

*Allotted, called up and fully paid shares*

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>11,644</u>	<u>11,644</u>	<u>11,644</u>	<u>11,644</u>

### 25 Ultimate parent undertaking

The ultimate parent company and ultimate controlling parent undertaking is Diebold Nixdorf Inc, incorporated in the USA.

The smallest and largest group in which the results of the Company are consolidated is that headed by Diebold Nixdorf Inc. The consolidated financial statements of Diebold Nixdorf Inc are available to the public and may be obtained from 5995 Mayfair Road, PO Box 3077, North Canton, Ohio 44720-8077, USA.

### 26 Change in significant accounting policies

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

#### 26 (a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

#### 26 (b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

# Diebold Nixdorf (UK) Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 26 Change in significant accounting policies (continued)

#### *Leases classified as operating leases under IAS 17*

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019 (see note 20).

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

The following table summarises the quantitative impact of adopting IFRS 16 on the Company's financial statements for the year ending 31 December 2019.

	<i>Impact of adoption of IFRS 16</i>		
	<i>Balances without adoption of IFRS 16</i>	<i>IFRS 16 Adjustments</i>	<i>As reported</i>
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
<b><i>Balance sheet</i></b>			
Right of use assets	-	5,312	5,312
Total assets	-	5,312	5,312
Lease liabilities (current)	-	(2,081)	(2,081)
Lease liabilities (non-current)	-	(4,514)	(4,514)
Total liabilities	-	(6,595)	(6,595)
<b><i>Statement of comprehensive income</i></b>			
Amortisation expense on right of use asset	-	2,096	2,096
Operating lease expense	1,931	(1,931)	-
Interest expense on lease liabilities	-	1,118	1,118

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 14.1%.

## Notes to the Financial Statements

for the Year Ended 31 December 2019

### 26 Change in significant accounting policies (continued)

#### *Leases classified as operating leases under IAS 17 (continued)*

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 in the Company's financial statements and the lease liabilities recognised at 1 January 2019:

	<i>1 January 2019</i>
	<i>£ 000</i>
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	7,520
Extension Options reasonably certain to be exercised	3,037
Discounted using the incremental borrowing rate at 1 January 2019	<u>(3,740)</u>
Lease liabilities recognised as at 1 January 2019	<u><u>6,817</u></u>