Quadient Technologies UK Limited

Report and financial statements
for the year ended 31 January 2021

Registered number: 776189

Quadient Technologies UK Limited

Corporate Information

Directors
J-F. Labadie (Chairman) (resigned on 01/06/2021)
T. le Jaoudour
E. de Groote (resigned 10/12/2020)
D. Westlake (resigned on 24/06/2020)
S. Milliot (appointed on 10/12/2020)
D. Delpech (appointed 12/10/2021)

Secretary
D. Westlake (resigned on 24/06/2020)
S. Palmer (appointed on 24/06/2020, resigned on 12/10/2021)
R. Vaiter (appointed on 12/10/2021)

Auditor
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bank
HSBC
69 Pall Mall
London
SW1Y 5EY

Solicitor
Mills and Reeve
Francis House
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Cambridge
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Registered Office
Oakwood Hill Industrial Estate
Oakwood Hill
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IG10 3TZ

Contents

Strategic Report

The directors present their strategic report which outlines the key issues which the directors consider to be significant in relation to the company's current and future activities.

Principal activities and business review

Development and performance of the business during the year

The company forms part of a group headed by Quadient S.A., incorporated in France. The group is dedicated to a business focused on the mailroom market and seeks to maintain its worldwide market share by continuing to develop, manufacture and distribute innovative mailroom products.

The principal activity of the company is to develop and manufacture high-end folding and inserting equipment for the group.

The directors regard the sales of the company as the key performance indicator. The Covid 19 pandemic impacted strongly this indicator..In the European Union, the revenue decreased by 29.5 %; in the US by 18.9 % % and in other regions by 50.2%.

Global physical mail volumes have continued to decline as more businesses migrate from physical to digital communications. The decline was accelerated by the closure of offices in most of countries due to Covid pandemic. However, the use of advertising mail evolves to allow advertisers to target customers with more sophisticated techniques. The technologies developed by the company continue to serve this expanding sector.

The Covid 19 pandemic impacted strongly the company leading to a temporary cessation of production for 9 weeks and partial production for a further 8 weeks:

- closure of the premises from 30 March 2020 to 1 June 2020,
- phased return in June and July 2020,
- home office work when possible in line with the Government's rules.

The impact in company result is a decrease of the revenue by26%; a decrease of the profit by 44.0%

Position of the company at the end of the year

Despite the Covid 19 pandemic, at the end of the financial year the company continued to enjoy a positive financial position and remains a positive contributor to the overall group result both in terms of profitability and potential for dividend payments.

Principal risks and uncertainties affecting the company

(a) Competition

Strategic Report

The company believes that its competitive position in the high-end folding and inserting sector is sustainable. However, it is possible that new competitors could enter the market for the supply of either products or services.

(b) Technological developments and new markets
The markets for the company's products and services are and will remain subject to rapid changes in technology, continual improvement of existing products and the frequent introduction of new products. The company's results and future financial position will depend in part on its ability to improve its products and services and to develop and produce new ones.

(c) Currency risk
The functional currency of the company is sterling. The company also transacts sales and purchases in euros and US dollars. Forward foreign currency contracts are in place with Quadient S.A. to enable the company to manage its foreign exchange risk. Cash balances in foreign currencies held by the company are regularly exchanged into sterling with Quadient S.A.

Impact of Brexit
The directors have assessed the impact of the exit of the United Kingdom from the European Union ('Brexit'). In the opinion of the directors this event had created short-term troubles in deliveries that disappeared during the year. Apart from this temporary impact, the business of the company was unaffected.

Impact of Covid
The possible continuation of the Covid 19 pandemic might force again the company to close its production operations for some weeks. The directors have assessed this possible situation and consider that it would not significantly impact the company situation.

Future developments
The company recognises the need for continual progress in its product range. For that reason, the focus on research and development activity is a key element of the strategy of the company.

By order of the board

D. Delpech

Director

28 January 2022

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 January 2021.

Directors

The directors of the company during the year and subsequently were:

J-F. Labadie (Chairman) (resigned on 01/06/2021)

T. le Jaoudour

E. de Groote (resigned 10/12/2020)

D. Westlake (resigned on 24/06/2020)

S. Milliot (appointed on 10/12/2020)

D. Delpech (appointed on 12/10/2021)

Results and dividends

The company made a profit after taxation of £1,314,000 (2020: £2,366,000) for the year. No dividends were proposed or paid in the year.

Events after the balance sheet date

No major event happened after the balance sheet date.

Going concern

The directors have reviewed the current financial performance and position of the company and considered the impact of COVID-19 on future trading of the company and are confident that it will not lead to the company no longer being a going concern. The company continues to be cash generative, however its business is dependent on the strength of its wider group as the majority of sales are to other entities within the group and as such the ability to continue as a going concern is largely dependent on the strength of the group and the parent company. In the unlikely event that the company is unable to meet their liabilities as they fall due, the ultimate parent company Quadient S.A. has agreed to provide continued financial support to the company for the foreseeable future to meets its obligations as and when they fall due, for a period up to at least 28 February 2023, to the extent that the company is unable to meet its liabilities.

The Directors reviewed the forecast for the period FY2023 and available financial information for Quadient SA and made enquiries based on this information they are confident that the parent company has the ability to provide financial support to the Company for the foreseeable future if needs arise. As of 31July 2021, Quadient SA reported a net assets of Eur 1,280.4 million (31 January 2021: Eur 1,240.3 million), cash position of Eur 722 million (including Eur 400 million undrawn credit line (31 January 2021: Eur 909 million) and revenue of Eur 503 million (31 July 2021: Eur 489.9 million). As of October 31 2021, Quadient SA reported revenue of Eur 752 million for the first 9 months (31 October 2021: Eur 743 million).

After making inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP will continue as auditor of the company.

By order of the board,

D.Delpech
Director

28 January 2022

Independent auditor's report (continued)

to the Members of Quadient Technologies UK Limited

Opinion

We have audited the financial statements of Quadient Technologies UK Limited for the year ended 31 January 2021 which comprise the Statement of Comprehensive income, the Balance sheet, Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 28 February 2023.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and the relevant UK tax compliance regulations.
- We understood how Quadient Technologies UK Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes as well as consideration of the results of our audit procedures.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of those responsible for legal and compliance procedures; enquiries of management; performing journal entry testing with a focus on manual adjustments and journals indicating unusual transactions based on our understanding of the business, including in respect of management override through manual revenue journals and focussed testing of revenue recorded by obtaining intercompany confirmations, bank receipts, sales invoice and contracts at or near the balance sheet date. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and financial statements with all applicable reporting requirements.

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

Use of our report

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

Ernst & Young LLP

Stuart Darrington
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
31 January 2022

Statement of comprehensive income
For the year ended 31 January 2021

	Notes	2021 £ 000	2020 £ 000
Turnover	2	11,583	15,651
Cost of sales		(9,237)	(12,070)
Gross profit		2,346	3,581
Administration expenses		(782)	(764)
Operating profit		1,564	2,817
Interest receivable	5	53	72
Profit on ordinary activities before taxation	6	1,617	2,889
Tax on profit on ordinary activities	7	(293)	(523)
Profit on ordinary activities after taxation		1,324	2,366
Total comprehensive income for the year		1,324	2,366

All operations are continuing.

The accompanying notes are an integral part of the financial statements.

Statement of changes in equity
For the year ended 31 January 2021

	Called-up share capital £ 000	Retained earnings £ 000	Revaluation reserve £ 000	Total equity £ 000
At 1 February 2019	6	11,665	1,569	13,240
Comprehensive income for the year	-	2,366	-	2,366
At 31 January 2020	6	14,031	1,569	15,606
Comprehensive income for the year	-	1,324	-	1,324
At 31 January 2021	6	15,355	1,569	16,930

Balance sheet

As at 31 January 2021

Registered number 776189

	Notes	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	8	4,128	4,381
Current assets			
Stocks	9	3,365	3,249
Debtors	10	12,852	11,860
Cash at bank and in hand		1	-
		16,218	15,109
Creditors: Amounts falling due within one year	11	(3,016)	(3,397)
Net current assets		13,202	11,712
Total assets less current liabilities		17,330	16,093
Creditors: Amounts falling due after more than one year	12	(400)	(487)
Provisions for liabilities	13	-	-
Net assets		16,930	15,606
Capital and reserves			
Called-up share capital	16	6	6
Profit and loss account		15,355	14,031
Revaluation reserve		1,569	1,569
Equity shareholders' funds		16,930	15,606

The financial statements on pages 9 to 23 were approved by the board of directors on 28 January 2022 and signed on its behalf by:

D.Delpech

Director

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

1 Statement of accounting policies

The financial statements of Quadient Technologies UK Limited ('the company') for the year ended 31 January 2021 were authorised by the board of directors on 28 January 2022 and the balance sheet was signed on the board's behalf by T. le Jaoudour. Quadient Technologies UK Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£ 000) except when otherwise indicated.

The company is a wholly owned subsidiary of Quadient Technologies Holdings Limited. The results of Quadient Technologies UK Limited are included in the consolidated financial statements of Quadient S.A. which are available from Quadient S.A., 42-46 Avenue Aristide Briand, 92220 Bagneux, France.

The principal accounting policies adopted by the company are set out below.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2021.

The company has taken the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*, because the share based payment arrangement concern the instruments of another group entity;

b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;

c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 *Property, Plant and Equipment;*

d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134 to 136 of IAS 1 *Presentation of Financial Statements;*

e) the requirements of IAS 7 *Statement of Cash Flows*;

f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;

g) the requirements of paragraph 17 of IAS 24 *Related Party Transactions;*

h) the requirements in IAS 24 *Related Party Transactions* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f), and 135(c) to 135(e) of IAS 36 *Impairment of Assets.*

1 Statement of accounting policies (continued)

Basis of preparation (continued)

Going Concern

The directors have reviewed the current financial performance and position of the company and considered the impact of COVID-19 on future trading of the company and are confident that it will not lead to the company no longer being a going concern. The company continues to be cash generative, however its business is dependent on the strength of its wider group as the majority of sales are to other entities within the group and as such the ability to continue as a going concern is largely dependent on the strength of the group and the parent company. In the unlikely event that the company is unable to meet their liabilities as they fall due, the ultimate parent company Quadient S.A. has agreed to provide continued financial support to the company for the foreseeable future to meets its obligations as and when they fall due, for a period up to at least 28 February 2023, to the extent that the company is unable to meet its liabilities.

The Directors reviewed the forecast for the period FY2023 and available financial information for Quadient SA and made enquiries based on this information they are confident that the parent company has the ability to provide financial support to the Company for the foreseeable future if needs arise. As of 31July 2021, Quadient SA reported a net assets of Eur 1,280.4 million (31 January 2021: Eur 1,240.3 million), cash position of Eur 722 million (including Eur 400 million undrawn credit line (31 January 2021: Eur 909 million) and revenue Eur 503 million (31 July 2022: Eur 489.9 million). As of October 31 2021, Quadient SA reported revenue of Eur 752 million for the first 9 months (31 October 2021: Eur 743 million).

After making inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

New and amended standards and interpretations issued but not yet effective
The directors do not anticipate that the adoption of any new an amended standards and interpretations that are issued, but not yet effective, will have a material impact on the Company's financial statements in the period of initial application.

The principal accounting policies are summarised below.

a) Foreign currency translation

The financial statements are presented in sterling, which is also the functional currency of the company. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

1 Statement of accounting policies (continued)

Basis of preparation (continued)

b) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	over the life of the lease
Plant and equipment	over 5 to 10 years
Motor vehicles and office equipment	over 4 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

c) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the income statement.

d) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. For raw materials, consumables and goods purchased for resale the cost incurred in bringing each item to its present location and condition is based on purchase costs on a first-in, first-out basis, including transport and duties. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

1 Statement of accounting policies (continued)

Basis of preparation (continued)

e) Taxation
Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits, or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying value of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the income statement.

f) Trade and other debtors
Trade debtors, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through the income statement when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

g) Turnover
Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Notes to the financial statements (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from the estimates. The directors believe that there are no estimates or judgements that have a significant effect on the amounts recognised in the financial statements for the periods presented.

2 Turnover

In the opinion of the directors the supply of folding and inserting equipment is the sole class of business of the company. Substantially all of the output of the company is sold to fellow group companies for onward distribution. No revenue was derived from exchanges of goods or services (2019: nil).

	2021	2020
	£ 000	£ 000
Turnover by geographical area:		
European Union	5,557	7,887
North America	5,597	6,903
Rest of world	429	861
	11,583	15,651

3 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows:

	2021	2020
Production staff	72	80
Administrative support staff	94	96
	166	176

The aggregate payroll cost of these staff was as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	5,928	6,254
Social security costs	683	688
Pension costs	242	236
	6,853	7,178

4 Directors' remuneration

The directors of the company are also directors of fellow group companies and all remuneration for the year was paid by a fellow group company. The directors have apportioned £0 (2020: £0) of the remuneration to the services in relation to Quadient Technologies UK Limited.

5 Interest receivable

	2021 £ 000	2020 £ 000
Interest receivable from group companies	53	72
	53	72

6 Profit on ordinary activities before taxation

This is stated after charging:	2021 £ 000	2020 £ 000
Depreciation and amounts written off tangible fixed assets		
- owned	185	266
- right of use assets	152	76
Auditor's remuneration		
- Audit of the financial statements	55	55
Cost of stocks included in cost of sales	5,385	7,137
Payroll costs included in cost of sales	4,228	4,062
Foreign exchange gain	8	11
Research and development expenditure	1,790	1,527
Grant income related to Covid furlough	(481)	

7 Taxation

	2021 £ 000	2020 £ 000
Current tax		
UK corporation tax	303	550
Adjustment in respect of previous periods	(3)	(14)
Total current tax	300	536
Deferred tax		
Origination and reversal of timing differences	(7)	(13)
Adjustment for tax rate change	-	-
Total deferred tax	(7)	(13)
Total tax on profit on ordinary activities	293	523

7 Taxation (continued)

The following table reconciles the tax charge calculated at the standard rate upon the profit on ordinary activities before taxation to the total tax charged to the statement of comprehensive income. The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

Profit on ordinary activities before tax	1,617	2,895
Tax on profit on ordinary activities at UK standard rate of corporation tax of 19% (2020: 19.0%)	307	546
R&D tax credit	(24)	(25)
Non-deductible expenses	24	9
Adjustment in respect of previous periods	(14)	(12)
Total tax on profit on ordinary activities	293	518

At Budget 2020 the government announced that the corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19% (rather than reducing to 17%; as previously enacted). This reversal was substantively enacted on 17 March 2020 via Budget resolutions. The Finance Act 2020 received Royal Assent on 22 July 2020.In accordance with March 2021 budget, the rate will increase to 25% from 1 April 2023.

Deferred tax

The deferred tax included in the balance sheet and statement of comprehensive income is as follows:

	Difference between depreciation and capital allowances
	£ 000
Deferred tax liability at 1 February 2020 (note 13)	(32)
Deferred tax credit recognised in comprehensive income	36
Deferred tax asset at 31 January 2021 (note 10)	4

8. Tangible fixed assets

The movement in the net book value of tangible fixed assets was as follows:

	Long leasehold land and buildings	Right of use	Plant and machinery	Motor vehicles	Office equipment	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cost						
At 1 February 2020	3,800	605	3,157	27	503	8,092
Additions	-	-	27	-	34	61
At 31 January 2021	3,800	605	3,184	27	537	8,153
Depreciation						
At 1 February 2020	599	76	2,570	27	439	3,711
Charge	52	76	146	-	39	313
At 31 January 2021	651	152	2,716	27	478	4,024
Net book value						
At 1 February 2020	3,201	529	587	-	63	4,381
At 31 January 2021	3,149	453	468	-	59	4,128

9 Stocks

The following are included in the net book value of stocks:

	2021 £ 000	2020 £ 000
Raw materials and consumables	1,875	1,921
Work in progress	576	593
Finished goods and goods for resale	914	735
	3,365	3,249

The replacement cost of stocks is not considered by the directors to be materially different from the balance sheet value.

10 Debtors

	2021 £ 000	2020 £ 000
Amounts owed by ultimate parent and other group undertakings	12,812	11,789
Prepayments and accrued income	31	45
Deferred tax asset	4	4
Other debtors	5	22
	12,852	11,860

11 Creditors: Amounts falling due within one year

	2021 £ 000	2020 £ 000
Trade creditors	1,121	1,204
Taxation and social security	213	164
Corporation tax payable	161	393
Amounts owed to group undertakings	194	353
VAT payable	799	740
Bank overdraft	-	36
Lease obligations	69	69
Other creditors and accruals	459	438
	3,016	3,397

12 Creditors: Amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Lease obligations less than 5 years	317	303
Lease obligations greater than 5 years	83	165
Long term accruals	-	19
	400	487

13 Provisions for liabilities

	Deferred tax
	£ 000
At 1 February 2020	-
Charge in the year	-
At 31 January 2021	-

	2021	2020
	£ 000	£ 000
The provision for deferred tax is analysed as follows:		
Difference between depreciation and capital allowances	-	-
	-	-

14 Lease commitments

Obligations under finance leases and hire purchase contracts
The company had no material finance leases at 31 January 2021 and 31 January 2020.

Lease agreements where the company is the lessee
The company leases three plots of land on a long term basis from Epping Forest District Council. The rents payable under these leases are subject to renegotiation at regular intervals as specified in the lease conditions. The balance sheet shows the following amounts relating to leases

		2021	2020
		£ 000	£ 000
Right of use assets : land (note 8)		453	529
			-
Lease liabilities			
	Current	69	69
	Non current	399	468
		468	537

The additions to the right of use assets during FY2021 financial year end were £0.

The statement of profit or loss shows the following amounts relating to leases:

	2021 £ 000	2020 £ 000
Depreciation charge - right of use assets : land	76	76
Interest expense including finance costs	19	22
	95	98

Total cash outflow for leases in 2021 was £95,149.

The leases are recognised as a right of use asset and a corresponding liability at the date at which the asset is available for use by the company. Each lease payment is allocated between the liability and the finance cost. The finance charge is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis.

The assets and liabilities arising from a lease are initially measured at a present value basis. Lease liabilities include the net present value of future fixed payments less any lease incentives receivable.

The lease payments are discounted using a group wide interest rate provided by the ultimate parent company and reflects the groups incremental borrowing rate.

The right of use assets is measured at costs comprising the following:

- the amount of initial measurement of the lease liability:
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

Payments associated with short term leases and leases of low value assets are recognised on a straight- line basis as an expense in the profit and loss. Short term leases are leases with a lease term of less than 12 months.

15 Called-up share capital

	2021 £ 000	2020 £ 000
Authorised, allotted, called-up and fully paid		
60,000 ordinary shares of 10p each	6	6

16 Related party transactions

As a wholly owned subsidiary of Quadient S.A., the company has taken the exemption available under FRS 101 from the requirements in IAS 24 – Related party disclosures, from disclosing transactions with other wholly owned members of the Quadient S.A. group. There are no other related party transactions.

Terms and conditions of transactions with related parties

Sales and purchases with fellow subsidiaries are made on an arm's length basis. Outstanding balances with fellow subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. The company has not provided or benefited from any guarantees for any related party receivables or payables.

17 Ultimate controlling party

The immediate parent company is Quadient Technologies Holdings Limited, a company incorporated in England. The directors regard Quadient S.A., a company incorporated in France, as the ultimate parent company and the ultimate controlling party.

Quadient S.A. is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Quadient S.A., 42-46 Avenue Aristide Briand, 92220 Bagneux, France.

18 Events after the balance sheet date

No major event happened after the balance sheet date.

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Ernst & Young LLP
1 More London Place
London
SE1 2AF

Dear Sirs,

This letter of representations is provided in connection with your audit of the financial statements of Quadient Technologies UK Limited ("the Company") for the year ended 31 January 2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of (or 'present fairly, in all material respects,') the financial position of Quadient Technologies UK Limited as of 31 January 2021 and of its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework' (FRS 101).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation of the financial statements in accordance with FRS 101.

2. We acknowledge, as members of management of the Company, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with FRS 101, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Company, we believe that the Company has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with FRS 101 that are free from material misstatement, including omissions. We have approved the financial statements.

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5. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

6. As members of management of the Company, we believe that the Company has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.

7. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

8. We confirm the Company does not have securities (debt or equity) listed on a recognized exchange. We have made inquiries of our parent entity/group treasury function to confirm they have not entered into any such listing arrangements on our behalf.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Company's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Company (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

   - Involving financial improprieties
   - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Company's financial statements
   - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Company's business, its ability to continue in business, or to avoid material penalties
   - Involving management, or employees who have significant roles in internal control, or others
   - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

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C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period 1 February 2020 to the most recent meeting as of the date of this letter.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties as at 31 January 2021. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with FRS 101.

6. We have disclosed to you, and the Company has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From the date of our last management representation letter through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate and ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims,

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both actual and contingent.

E. **Subsequent Events**

1. Thave been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. **Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises Strategic and Directors' report.

2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Ownership of Assets

1. The Company has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Company's assets, nor has any asset been pledged as collateral. All assets to which the Company has satisfactory title appear in the balance sheet.

2. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

H. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.

2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

I. Income and Indirect Taxes

1. We acknowledge our responsibility for the tax accounting methods adopted by the Company, which have been consistently applied in the current period, and for the current year income tax provision calculation.

2. We also acknowledge our responsibility for the plans with respect to future taxable income, which represent our estimates as to the outcome of those plans, based on available evidence, and for the significant assumptions used in our analysis. We would implement such strategies as necessary to prevent a tax operating loss or credit carryforward from expiring.

3. We have disclosed to you all tax opinions, correspondence with tax authorities, or other appropriate information that served as support for the accounting for potentially material matters.

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J. Accounting Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of FRS 101.

2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete, including the effects of COVID-19 pandemic, and made in accordance with FRS 101.

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events, including due to the COVID-19 pandemic.

K. Going concern

1. Note 1 to the financial statements discloses all the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Equity

1. We have properly recorded or disclosed in the financial statements the share capital and agreements.

Yours faithfully,

David Delpech