

Report of the Director and
Financial Statements
for the Year Ended 31st December 2016
for
SCM Microsystems Limited

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SCM Microsystems Limited

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for the Year Ended 31st December 2016

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SCM Microsystems Limited
Company Information
for the Year Ended 31st December 2016

DIRECTOR:	Dr M Muller
REGISTERED OFFICE:	3 London Wall Buildings London EC2M 5PD
REGISTERED NUMBER:	02693479 (England and Wales)
SENIOR STATUTORY AUDITOR:	Timothy Collerton ACA FCCA CTA
AUDITORS:	Wilkins Kennedy LLP Chartered Accountants and Statutory Auditors Anglo House Bell Lane Office Village Bell Lane Amersham Buckinghamshire HP6 6FA

SCM Microsystems Limited

Report of the Director
for the Year Ended 31st December 2016

The director presents his report with the financial statements of the Company for the year ended 31st December 2016.

DIRECTOR

Dr M Muller held office during the whole of the period from 1st January 2016 to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Dr M Muller - Director

Date: 

Report of the Independent Auditors to the Members of **SCM Microsystems Limited**

We have audited the financial statements of SCM Microsystems Limited for the year ended 31st December 2016 on pages five to twelve. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. 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 any material misstatements in the Report of the Director.

Report of the Independent Auditors to the Members of
SCM Microsystems Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.



Timothy Collerton ACA FCCA CTA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Chartered Accountants and Statutory Auditors
Anglo House
Bell Lane Office Village
Bell Lane
Amersham
Buckinghamshire
HP6 6FA

Date: 22 September 2017

SCM Microsystems Limited

Income Statement
for the Year Ended 31st December 2016

	2016	2015
Notes	£	£
TURNOVER	315,289	374,947
Cost of sales	<u>290,811</u>	<u>355,529</u>
GROSS PROFIT	24,478	19,418
Administrative expenses	<u>55,197</u>	<u>13,470</u>
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION	(30,719)	5,948
Tax on (loss)/profit	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	<u><u>(30,719)</u></u>	<u><u>5,948</u></u>

The notes form part of these financial statements

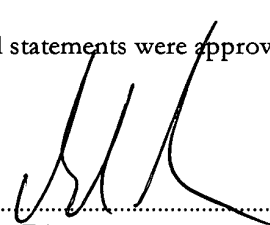
SCM Microsystems Limited (Registered number: 02693479)

Balance Sheet
31st December 2016

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Investments	4		757,000		757,000
CURRENT ASSETS					
Debtors	5	20,513		20,430	
Cash at bank		<u>10,201</u>		<u>43,062</u>	
		30,714		63,492	
CREDITORS					
Amounts falling due within one year	6	<u>2,483,510</u>		<u>2,485,569</u>	
NET CURRENT LIABILITIES			<u>(2,452,796)</u>		<u>(2,422,077)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,695,796)</u>		<u>(1,665,077)</u>
CAPITAL AND RESERVES					
Called up share capital			200,000		200,000
Retained earnings	7		<u>(1,895,796)</u>		<u>(1,865,077)</u>
SHAREHOLDERS' FUNDS			<u>(1,695,796)</u>		<u>(1,665,077)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on Sept. 22nd, 2017 and were signed by:


.....
Dr M Muller - Director

The notes form part of these financial statements

SCM Microsystems Limited

Notes to the Financial Statements **for the Year Ended 31st December 2016**

1. STATUTORY INFORMATION

SCM Microsystems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

These financial statements for the period ended 31 December 2016 are the first financial statements that comply with FRS 102. The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in a note to the accounts.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention. The financial statements are presented in sterling (£), which is also the functional currency for the company.

As the financial statements show an overall net liabilities position at the year-end, a letter of support from the ultimate parent company, Identiv, Inc. has been provided, indicating continued financial and non-financial support for the upcoming twelve months. The director has an expectation that the company will continue in existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about SCM Microsystems Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it, and its subsidiary undertakings, are included in the consolidated financial statements of Identiv, Inc., the ultimate controlling party and smallest and largest group to consolidate financial statements. The registered office of Identiv, Inc. is 2201 Walnut Ave., Suite 100, Fremont, CA 94538 USA.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

SCM Microsystems Limited

Notes to the Financial Statements **for the Year Ended 31st December 2016**

Turnover

Turnover is the amount derived from the recharge and mark-up on the provision of consultancy services. Revenue is recognised as the significant risk and rewards of ownership have been transferred. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included in part of creditors due within one year.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefits

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

Debtors

Other debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

Creditors

Trade and other creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest.

Cash at bank

Cash at bank in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

SCM Microsystems Limited

Notes to the Financial Statements - continued
for the Year Ended 31st December 2016

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 4 (2015 - 4).

5. FIXED ASSET INVESTMENTS

COST

At 1st January 2016
and 31st December 2016

Shares in
group
undertakings
£

1,210,337

PROVISIONS

At 1st January 2016
and 31st December 2016

453,337

NET BOOK VALUE

At 31st December 2016

757,000

At 31st December 2015

757,000

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Amounts owed by group undertakings	20,430	20,430
VAT	83	-
	<u>20,513</u>	<u>20,430</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	621	-
Amounts owed to group undertakings	2,442,621	2,415,592
Social security and other taxes	8,128	10,664
Accruals	32,140	59,313
	<u>2,483,510</u>	<u>2,485,569</u>

SCM Microsystems Limited

Notes to the Financial Statements - continued
for the Year Ended 31st December 2016

8. RESERVES

	Retained earnings £
At 1st January 2016	(1,865,077)
Deficit for the year	<u>(30,719)</u>
At 31st December 2016	<u><u>(1,895,796)</u></u>

9. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Identiv, Inc. a publicly traded company and its common stock is listed on the NASDAQ Capital Market in the U.S. under the symbol INVE.

10. FIRST YEAR ADOPTION

The company has adopted FRS 102 for the first time in the year ended 31 December 2016. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on the comparative period figures.