

Diebold EMEA Processing Centre Limited

**Annual report and financial
statements**

**Registered number 03900711
31 December 2015**

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Strategic Report

Business review

The results for the year are set out in the profit and loss account. The company provides services to EMEA Division countries with a team of senior management and has a shared services centre for the EMEA region. The activities in 2015 continued to increase as EMEA Division continue to outperform the business expectations. We anticipate this legal entity to continue to provide EMEA Division related support in the next years with no going concern risks.

The EMEA Division as a business continues to grow and therefore costs will grow. This will lead to improved mark-ups in future years.

Principal risks and uncertainties

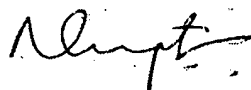
At the time this is a cost based entity with mark-up and therefore no risk. We need to carefully monitor the capital structure of the company and make it healthier over the years.

Financial performance key performance indicators

The directors consider the key performance indicator in this business to be the percentage of turnover that labour represents:

	2015	2014
	£000	£000
Turnover	8,319	8,846
Labour cost	3,988	4,398
KPI%	48%	50%

By order of the board



N Gupta
Director

26 May 2016

Directors' report

Proposed dividend

The directors do not recommend the payment of a dividend. (2014: *£nil*)

Directors

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

N Gupta

B Bouzid

C F Hesse (resigned 26 June 2015)

M M Swann (appointed 26 June 2015)

Political contributions

The Company made no donations or incurred any political expenditure during the year (2014: *£nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

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.

By order of the board



N Gupta
Director

Beasley court
3 Warwick Place
Uxbridge
Middlesex
UB8 1PG
26 May 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

58 Clarendon Road
Watford
- WD17 1DE
United Kingdom

Independent auditor's report to the members of Diebold EMEA Processing Centre Limited

We have audited the financial statements of Diebold EMEA Processing Centre Limited for the year ended 31 December 2015 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

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. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Diebold EMEA Processing Centre Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Emily Jefferis (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
27 May 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	8,319	8,846
Administrative expenses	3	(7,344)	(8,405)
Operating profit		975	441
Interest income/ (payable) and similar charges	6	255	(72)
Profit on ordinary activities before taxation		1,230	369
Tax on profit on ordinary activities	7	(206)	(481)
Profit/(loss) for the financial year		1,024	(112)
Other comprehensive income for the year			
Total comprehensive income/ (loss) for the year		1,024	(112)

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet
at 31 December 2015

	<i>Note</i>	£000	2015 £000	£000	2014 £000
Fixed assets					
Tangible assets	8		484		534
Current assets					
Debtors	9	53,842		11,073	
Cash at bank and in hand		277		250	
		<u>54,119</u>		<u>11,323</u>	
Creditors: amounts falling due within one year	10	<u>(51,341)</u>		<u>(9,619)</u>	
Net current assets			<u>2,778</u>		<u>1,704</u>
Net assets			<u>3,262</u>		<u>2,238</u>
Capital and reserves					
Called up share capital	13				
Other reserves	13		238		150
Profit and loss account	13		3,024		2,088
Shareholders' funds			<u>3,262</u>		<u>2,238</u>

These financial statements were approved by the board of directors on 26 May 2016 and were signed on its behalf by:


N Gupta
Director

Company registered number: 03900711

Statement of changes in equity

	Called up Share Capital £000	Other Reserves £000	Profit & loss account £000	Total equity £000
Balance at 1 January 2015	-	150	2,088	2,238
Total comprehensive income for the year				
Total comprehensive income for the year	-	-	1,024	1,024
Equity-settled share based payment transactions	-	88	(88)	-
Balance at 31 December	-	238	3,024	3,262

Notes

(forming part of the financial statements)

1 Accounting policies

Diebold EMEA Processing Centre Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 16.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by first day of comparative period.

The Company's ultimate parent undertaking, Diebold EMEA Processing Centre Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Diebold Incorporated are available to the public and may be obtained from Diebold Incorporated, 5995 Mayfair Road, PO Box 3077, North Canton, Ohio 44720-8077, USA.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Diebold Incorporated include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have prepared the financial statements on a going concern basis, based on the Board's review of related budgets and cash flow forecasts.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- leasehold improvements Shorter of 10 years and life of lease
- fixtures and fittings 3-8 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes (continued)

1 Accounting policies (continued)

1.6 Employee benefits

Defined contribution plans

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 profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 January 2014.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

1.7 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.8 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Analysis of turnover

The whole of turnover is attributable to the provision of administrative services to entities within the Diebold Group.

	2015 Turnover £000	2014 Turnover £000
<i>By geographical market</i>		
United Kingdom	961	740
Rest of European Union	3,163	4,160
Rest of World	4,195	3,946
	<u>8,319</u>	<u>8,846</u>

3 Auditor's remuneration

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	<u>13</u>	<u>9</u>

Notes (continued)

4 Directors' remuneration

	2015 £000	2014 £000
Directors' remuneration	393	299
Company contributions to money purchase pension schemes	14	13

Number of directors

Retirement benefits are accruing to the following number of directors under:

	2015	2014
Money purchase schemes	1	1

5 Staff numbers and costs

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

	Number of employees 2015	2014
Administration	46	69

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	3,583	4,218
Share based payments (See note 12)	88	-
Social security costs	445	226
Other pension costs	159	104
	4,275	4,548

6 Interest payable and similar charges

	2015 £000	2014 £000
On all other loans	255	72

Of the above amount £92k (2014: £72k) was payable to group undertakings.

Notes (continued)

7 Taxation

Analysis of charge in period

	2015 £000	£000	2014 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	86		176	
Adjustments in respect of prior periods	75		255	
Total current tax		161		431
<i>Deferred tax (see note 11)</i>				
Origination/reversal of timing differences	45		50	
Total deferred tax		45		50
Tax on profit on ordinary activities		206		481

Reconciliation of effective tax rate

The current tax charge for the period is [lower]/ [higher] (2014: higher) than the standard rate of corporation tax in the UK 20.25%, (2014: 21.5 %). The differences are explained below.

	2015 £000	2014 £000
Profit/ (Loss) for the year	1,024	(112)
Total tax expense	206	481
Profit excluding taxation	1,230	369
Tax using the UK corporation tax rate of 20.25% (2014: 21.25%)	249	79
Non-deductible expenses	9	68
Capital allowances for year in excess of depreciation	(43)	(6)
Adjustment for share based payment	-	33
Under / (over) provided in prior years	75	255
Other timing differences leading to a decrease in taxation	(1)	2
Effect of tax rates in foreign jurisdictions	(86)	-
Group relief claimed	(42)	-
Accelerated capital allowances (see note 11)	45	50
Total tax expense	206	481

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

Notes (continued)

8 Tangible fixed assets

	Lease £000	Office equipment & fittings £000	Total £000
Cost			
Balance at 1 January	-	1,020	1,020
Additions	395	1,085	1,480
Disposals	-	(1,836)	(1,836)
	<u>395</u>	<u>269</u>	<u>664</u>
Balance at 31 December	395	269	664
Depreciation and impairment			
Balance at 1 January	-	486	486
Depreciation charge for the year	56	77	133
Disposals	(14)	(425)	(439)
	<u>42</u>	<u>137</u>	<u>180</u>
Balance at 31 December	42	137	180
Net book value			
At 1 January 2015	-	534	534
	<u>-</u>	<u>534</u>	<u>534</u>
At 31 December 2015	352	132	484
	<u>352</u>	<u>132</u>	<u>484</u>

9 Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	53,483	10,386
Other debtors	188	359
Deferred tax assets (see note 11)	116	161
Prepayments and accrued income	55	167
	<u>53,842</u>	<u>11,073</u>

Notes (continued)

10 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	169	282
Amounts owed to group undertakings	50,184	7,584
Corporation tax	11	57
Taxation and social security	239	258
Accruals and deferred income	738	1,438
	<u>51,341</u>	<u>9,619</u>

11 Deferred tax asset

Recognised deferred tax assets

Deferred tax asset is attributable to the following:

	2015 £000	2014 £000
Accelerated capital allowances	112	157
Other timing differences	4	4
	<u>116</u>	<u>161</u>
Net tax asset		

Movement in deferred tax during the year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Accelerated capital allowances	157	(45)	112
Other timing differences	4	-	4
	<u>161</u>	<u>(45)</u>	<u>116</u>
At end of year			

Notes (continued)

12 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme.

The total expense relating to these plans in the current year £159,000 (2014: £104,000).

Share based payments

The company's ultimate parent undertaking, Diebold Inc., has share-based payment arrangements under which Restricted Stock units (RSU's), Non-Qualified options (NQs) and Performance Share Unites (PSUs) were issued to certain employees on completion of a specific service period. Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is deemed to be the period between the grant date and the realisation date. The realisation date is deemed to be when the company is sold or a change of control occurs. The RSUs are settled in equity once exercised whereas the PSUs are expected to be settled in equity.

If the share based payments remain unexercised after the sale or change of control in Diebold Inc., the RSUs NQs and PSUs expire and are forfeited if the employee leaves the company before the options vest.

The NQs are exercisable based on employment length. They lapse 10 years from the date of grant or in the event of death, detrimental activity or cessation of employment.

The weighted average share price at the date of exercise of share options exercised during the year was \$33.03 (2014: \$34.27).

The options outstanding at the year end have an exercise price in the range of \$34.89 to \$55.23 and a weighted average contractual life of 3 years.

13 Capital and reserves

Share Capital

<i>Allocated, called up and fully paid</i>	2015	2014
2 Ordinary shares of £1 each	2	2

14 Operating leases

	2015 £000	2014 £000
Less than one year	21	-
Between one and five years	17	27
More than five years	2	-
	<u>40</u>	<u>27</u>

During the year ended 31 December 2015 £ 88,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £362,000).

Notes *(continued)*

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Diebold Incorporated which is the ultimate parent company United States of America. The ultimate controlling party is Diebold Incorporated.

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

16 Explanation of transition to FRS 101 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 101 balance sheet, the Company has no adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).