

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

COMPANY INFORMATION

Directors	P J Crean L T Salmon J E C Walters
Company secretary	R J Cahill
Registered number	02384773
Registered office	Lower Ground Floor Park House 16/18 Finsbury Circus London
Independent auditors	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 30 Finsbury Square London EC2A 1AG
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HV

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

CONTENTS

	Page
Directors' Report	1 - 4
Independent Auditors' Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 20

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the audited financial statements for the year ended 30 June 2019.

Results

The loss for the year, after taxation, amounted to £Nil (30 June 2018 - £Nil). The net liabilities position as at the end of the year is £8,859,000 (30 June 2018 - £8,859,000).

Principal activity

The company remained dormant as it did not trade during the period.

Directors

The directors who served during the year were:

P J Crean
L T Salmon
J E C Walters

Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the potential impact of the recent outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year, even in the event of prolong lock down period of around 3 – 6 months, should that be mandated by Governments in the major countries they operate in. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Key performance indicators

Innovative Output Solutions (Manchester) Limited is managed by the directors in accordance with the strategies of its parent company, Paragon Customer Communications Limited (the "group"). For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate to understand the development, performance or position of the business. These strategies and key performance indicators are discussed in the group strategic report of the company's parent which does not form part of this report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Paragon Customer Communications Limited, which include those of the company, are discussed in Paragon Customer Communications Limited's group strategic report.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Coronavirus risk

Further to the recent global outbreak of Coronavirus disease (COVID-19), the directors of the [Company / Group] continue to assess the situation across key markets and the potential risk to the operation of the business daily. At the time of signing of these accounts, there has been no unmanageable impact on either the Revenue, Customers or Employees within the Company.

The directors have taken all necessary measures as advised by the NHS, WHO, the UK government and equivalent local authorities across our offices, including promoting hygiene standards and providing facilities to enable this; and firmly insisting all employees to working from home where possible.

The Paragon Group and the Company have vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak. Both feel reasonably confident that they will retain a sufficient level of trading activity to sustain the business during the crisis.

The directors do not consider, at the date of signing of the financial statements, there to be a threat to the overall business in the case of outbreak-related closures and lockdowns due to the above and the Company (via the support offered by the overall Paragon Group) having access to sufficient working capital.

The directors believe that appropriate strategies have been, and are being further developed, to ensure the Company can reduce and manage the possible impacts of adverse developments which could affect the Company's ability to continue trading.

Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of Innovative Output Solutions (Manchester) Limited. For the purposes of the Companies Act 2006, Paragon Customer Communications Limited provides indemnity insurance for the directors and company secretary of Innovative Output Solutions (Manchester) Limited for qualifying third party provisions. The indemnity insurance was in place for the whole period and up to the date the financial statements were approved.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with 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'. Under company law the directors must not approve the audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the audited 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 to enable them to ensure that the audited 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 auditors

The directors confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


Independent auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

This report was approved by the board on 31 March 2020 and signed on its behalf.


LAURENT T. SALMON
L T Salmon
Director

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATIVE OUTPUT SOLUTIONS
(MANCHESTER) LIMITED**

Opinion

We have audited the financial statements of Innovative Output Solutions (Manchester) Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its result 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATIVE OUTPUT SOLUTIONS
(MANCHESTER) LIMITED (CONTINUED)**

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATIVE OUTPUT SOLUTIONS
(MANCHESTER) LIMITED (CONTINUED)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

Auditors' 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 Auditors' 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.

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

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATIVE OUTPUT SOLUTIONS
(MANCHESTER) LIMITED (CONTINUED)**

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 Auditors' 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.



Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
London

31 March 2020

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 £000	2018 £000
Other comprehensive income			
Total comprehensive income for the year		<u>-</u>	<u>-</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement.

The notes on pages 13 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED
REGISTERED NUMBER: 02384773

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	7	124	124
		<u>124</u>	<u>124</u>
Creditors: amounts falling due within one year	8	(8,663)	(8,663)
Net current liabilities		<u>(8,663)</u>	<u>(8,663)</u>
Total assets less current liabilities		<u>(8,539)</u>	<u>(8,539)</u>
Creditors: amounts falling due after more than one year	9	(320)	(320)
Net liabilities		<u><u>(8,859)</u></u>	<u><u>(8,859)</u></u>
Capital and reserves			
Called up share capital	10	85	85
Merger reserve		81	81
Profit and loss account		(9,025)	(9,025)
		<u><u>(8,859)</u></u>	<u><u>(8,859)</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


L T Salmon
 Director

Date: 31 March 2020

The notes on pages 13 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2018	85	81	(9,025)	(8,859)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2019	85	81	(9,025)	(8,859)

The notes on pages 13 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2017	85	81	(9,025)	(8,859)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2018	85	81	(9,025)	(8,859)

The notes on pages 13 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. General information

Innovative Output Solutions (Manchester) Limited is a private limited company, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the company information page. The nature of the company's operations and its principal activities are given in the director's report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Paragon Customer Communications Limited as at 30 June 2019 and these financial statements may be obtained from Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

2.3 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the statement of financial position date. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain Items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.4 Consolidation

The company is a wholly unowned subsidiary of Paragon Customer Communications Limited, a company incorporated in England and Wales. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Paragon Customer Communications Limited.

2.5 Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the potential impact of the recent outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year, even in the event of prolong lock down period of around 3 – 6 months, should that be mandated by Governments in the major countries they operate in. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairments.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Merger reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- The profit and loss account represents cumulative profit and losses, net of dividends paid and other adjustments.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset.

4. Auditors' remuneration

The audit fees for the year was £2,060 (30 June 2018 - £2,000) and this has been borne by another group entity, Paragon Customer Communications Limited.

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (30 June 2018 - £Nil).

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

6. Taxation

	2019 £000	2018 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-
Factors affecting tax charge for the year		

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £000	2018 £000
Effects of:		
Total tax charge for the year	-	-

Factors that may affect future tax charges

Legislation has been enacted to reduce the main UK corporation tax rate from 19% to 17% effective from 1 April 2020..

7. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2018	124
At 30 June 2019	124

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7. Fixed asset investments (continued)

Company owns 100% of ordinary shares in Pickfield Printing Company Limited, registered in England and Wales at Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB. The directors believe that the carrying value of the investment is supported by the value of the net assets.

8. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	8,654	8,654
Accruals and deferred income	9	9
	<u>8,663</u>	<u>8,663</u>

Amounts owed to group undertakings are unsecured, repayable on demand and do not bear any interest.

9. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Share capital treated as debt	320	320
	<u>320</u>	<u>320</u>

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10. Share capital

	2019 £000	2018 £000
Shares classified as equity		
Allotted, called up and fully paid		
85,000 (2018 - 85,000) Ordinary shares of £1.00 each	85	85
	2019	2018
	£000	£000
Shares classified as debt		
Allotted, called up and fully paid		
51,000 (2018 - 51,000) A Ordinary shares shares of £1.00 each	51	51
50,000 (2018 - 50,000) Preference shares shares of £1.00 each	50	50
120,000 (2018 - 120,000) A Preference shares shares of £1.00 each	120	120
99,179 (2018 - 99,179) B Preference shares shares of £1.00 each	99	99
	320	320

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Share capital (continued)

The rights of the 'A' Ordinary shares, Preference shares, 'A' Preference shares and 'B' Preference shares are set out below. The holders of these shares waived their rights to receive dividends.

The whole of the 'A' ordinary shares may at any time be converted into ordinary shares provided 75% of the 'A' ordinary shareholders notify the company in writing of their intention to convert their shares.

The ordinary shares and the 'A' shares have one vote per share and rank third and second respectively in respect of any arrears and accruals of dividend and on a return of assets on liquidation or capital reduction.

The preference shares shall be redeemed at the earlier of:
30 June and 31 December each subsequent year, when 25,000 may be redeemed at the option of the shareholders; or
flotation on a recognised Stock Exchange; or
the date upon which an offer to purchase 90% or more of the issued equity share capital of the company becomes unconditional, or, if later, the date upon which such an offer is due to be completed;

(b) and (c) apply unless 75% of the holders give notice in writing to the company to the contrary. There is no premium payable on redemption.

The preference shares receive no voting rights and rank first in respect of any arrears and accruals of dividend and on a return of assets on liquidation or capital reduction.

The 'A' preference shares shall be redeemed at the earlier of:
the date upon which an offer to purchase 90% or more of the issued equity share capital of the company becomes unconditional, or, if later, the date upon which such an offer is due to be completed;*

or
the discretion of the company.

* applies unless 75% of the holders give notice in writing to the company to the contrary, and is subject to not less than three months' notice in writing.

There is no premium payable on redemption.

The 'A' preference shares do not attract a dividend, receive no voting rights and rank fourth in a return of assets on liquidation or capital reduction, any return of capital being limited to £1 per share.

The 'B' preference shares do not have any voting rights attached.

The 'B' preference shares can be redeemed at par at any time after the date of issue upon the holders having had three months' notice in writing. No redemption may be made if there are any arrears of dividends.

11. Related party transactions

The company has taken advantage of the exemption, under FRS 102, Section 33.1(a), from disclosing related party transactions as they are all with other companies that are wholly owned by Paragon Customer Communications Limited.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

12. Controlling party

The immediate parent undertaking is dsicmm Group Limited, a company incorporated in England and Wales.

Paragon Customer Communications Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Paragon Customer Communications Limited can be obtained from Lower Ground, Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

The ultimate parent undertaking and controlling party is Paragon Group Limited, a company incorporated in England and Wales. PCC Global Limited (formerly Grenadier (UK) Limited), a wholly owned subsidiary of Paragon Group Limited is the immediate parent undertaking of Paragon Customer Communications Limited.

13. Subsequent event

The outbreak of the global coronavirus pandemic is considered to be a non adjusting post balance sheet event. The Board have considered, and continue to do so, the impact of the virus on the business and have included details in the directors report. It is too early for the Board to quantify the potential financial impact on the company.