

Innovative Output Solutions (Manchester) Limited

Report and Financial Statements
For the 6 Month Period Ended
30 June 2017

Company Number 02384773

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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 EC2M 7EB
Independent auditors	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
Bankers	Lloyds TSB Bank plc 25 Gresham Street London EC2V 7HN

Innovative Output Solutions (Manchester) Limited

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Innovative Output Solutions (Manchester) Limited

Directors' Report for the 6 month period ended 30 June 2017

The directors present their report and the audited financial statements for the 6-month period ended 30 June 2017.

Results

The loss for the 6-month period year, after taxation, amounted to £3,000 (Year ended 31 December 2016 - loss of £3,000). The net liabilities position as at the end of the period is £8,859,000 (31 December 2016 - £8,856,000)

Principal activity

The company did not trade during the period following a site performance review across Paragon Customer Communication Group in 2012 when the operations of the company were transferred into other group entities.

Sale of Output UK Business

On the 14 June 2016 DSTI Systems Inc. announced to the market that it was pursuing the divestiture of its U.K. Customer Communications business, the DST Output Limited Group.

The divestiture was completed on 4 May 2017, the entire UK Customer Communications business was sold to Grenadier Holdings PLC (Company Registration Number 03591693) and now registered as Paragon Customer Communications Limited.

Going concern

The company has received a letter from Paragon Customer Communicatoins Limited confirming that it will provide support to the company such to allow it to pay its debts as they fall due for a period of at least 12 months from the date of signing of these financial statements. On the basis of this letter, the directors have prepared the financial statements on a going concern basis.

Directors

The following directors held office during the period and up to the date of signing these financial statements:

P J Crean (appointed 4 May 2017)
L T Salmon (appointed 4 May 2017)
J E C Walters (appointed 16 June 2017)
G Givens (resigned 4 May 2017)

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 6 month period ended 30 June 2017

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 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 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.

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 year and up to the date the financial statements were approved.

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has 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.

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

Small company exemption

In preparation of this report, the directors have taken advantage of the small companies exemptions provided by section 414B of Companies Act 2006.

Innovative Output Solutions (Manchester) Limited

Directors' Report (continued) for the 6 month period ended 30 June 2017

Independent auditors

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

This report was approved by the board on 28 March 2018 and signed on its behalf.



J E C Walters
Director

Innovative Output Solutions (Manchester) Limited

Independent Auditors' Report to the Members of Innovative Output Solutions (Manchester) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Innovative Output Solutions (Manchester) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the 6 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2017; the statement of comprehensive income, the statement of changes in equity for the 6 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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.

Innovative Output Solutions (Manchester) Limited

Independent Auditors' Report to the Members of Innovative Output Solutions (Manchester) Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 FRC'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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
19 March 2018

Innovative Output Solutions (Manchester) Limited

Statement of Comprehensive Income for the 6 month period ended 30 June 2017

		6 months period ended 30 June 2017 £000	Year ended 31 December 2016 £000
	Note		
Administrative expenses		3	(3)
Operating loss and loss before taxation		(3)	(3)
Tax on loss	6	-	-
Loss for the financial period/year		(3)	(3)

There was no other comprehensive income in the 6-month period ended 30 June 2017 (year ended 31 December 2016 – Nil).

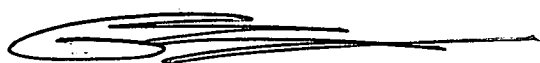
The notes on pages 10 to 14 form part of these financial statements.

Innovative Output Solutions (Manchester) Limited
Registered number: 02384773

**Statement of Financial Position
as at 30 June 2017**

		30 June 2017 £000	31 December 2016 £000
	Note		
Fixed assets			
Investments	7	124	-
Current assets			
Investments	7	-	124
		-	124
Creditors: amounts falling due within one year	8	(8,663)	(8,980)
Net current liabilities		(8,663)	(8,856)
Total assets less current liabilities		(8,539)	(8,856)
Creditors: amounts falling due more than one year	9	(320)	-
Net liabilities		(8,859)	(8,856)
Capital and reserves			
Called up share capital	10	85	85
Capital redemption reserve		81	81
Profit and loss account		(9,025)	(9,022)
Total equity		(8,859)	(8,856)

The financial statements on pages 7 to 14 were approved by the board of directors and signed on its behalf by



J E C Walters
Director

Date: 28/3/18

The notes on pages 10 to 14 form part of these financial statements.

Innovative Output Solutions (Manchester) Limited

Statement of Changes in Equity for the 6 month period ended 30 June 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	85	81	(9,022)	(8,856)
Comprehensive expense for the period				
Loss for the 6-month period			(3)	(3)
Total comprehensive expense for the period			(3)	(3)
At 30 June 2017	85	81	(9,025)	(8,859)

Statement of Changes in Equity for the year ended 31 December 2016

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	85	81	(9,019)	(8,853)
Comprehensive expense for the year				
Loss for the financial year	-	-	(3)	(3)
Total comprehensive expense for the year	-	-	96	96
At 31 December 2016	85	81	(9,022)	(8,856)

The notes on pages 10 to 14 form part of these financial statements.

Innovative Output Solutions (Manchester) Limited

Notes to the Financial Statements for the 6 month period ended 30 June 2017

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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and in accordance with the special provisions relating to small companies within part 15 of 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 judgement in applying the company's accounting policies (see note 3).

In the prior period, the financial statements were presented on a break-up basis. As at 30 June 2017, Paragon Customer Communications Limited, an intermediate parent undertaking, has provided a letter of support (see above for further details) and the financial statements for the period ended 30 June 2017 have been prepared on a going concern basis. Accordingly, investments and preference share liabilities have been re-categorised as fixed asset investments and non-current liabilities respectively.

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 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 2017 and these financial statements may be obtained from Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

Innovative Output Solutions (Manchester) Limited

Notes to the Financial Statements for the 6 month period ended 30 June 2017 (continued)

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.

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 Reserves

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The capital redemption 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.

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 the indicators of impairment of the company's assets. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset.

4. Auditors' remuneration

6 months ended 30 June 2017 £000	Year ended 31 December 2016 £000
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Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements

3 3

5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2016 - £Nil).

Innovative Output Solutions (Manchester) Limited

Notes to the Financial Statements for the 6 month period ended 30 June 2017 (continued)

6. Tax on loss

	6 months ended 30 June 2017 £000	Year ended 31 December 2016 £000
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Analysis of tax credit in the period/year

Adjustments in respect of previous periods

- -

Total current tax

- -

Factors affecting tax credit for the period/ year

The tax assessed for the period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.5 (2016 - 20%). The differences are explained below:

	6 months ended 30 June 2017 £000	Year ended 31 December 2016 £000
--	--	--

Loss on ordinary activities before tax

(3) (3)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)

(1) (1)

Effects of:

Expenses not deductible

1 1

Adjustments in respect of previous periods

-

Total tax credit for the period/ year

- -

Factors that may affect future tax charges

Finance Act 2015 included legislation reducing the main UK corporation tax rate from 20% to 19%, effective from 1 April 2017. A further reduction to 18% was also enacted and will be effective from 1 April 2020.

The Chancellor has announced that the main UK corporation tax rate will now be reduced to 17% with an effective date of 1 April 2020. This 17% rate has not yet been substantially enacted.

Innovative Output Solutions (Manchester) Limited

Notes to the Financial Statements for the 6 month period ended 30 June 2017 (continued)

7. Investments

	30 June 2017 £000	31 December 2016 £000
Shares in group undertakings	<u>124</u>	<u>124</u>

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

	30 June 2017 £000	31 December 2016 £000
Amounts owed to group undertakings	8,654	8,654
Accruals and deferred income	9	6
Share capital treated as debt	-	320
	<u>8,663</u>	<u>8,980</u>

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

9. Creditors: Amounts falling due more than one year

	30 June 2017 £000	31 December 2016 £000
Share capital treated as debt (note 10)	320	-
	<u>320</u>	<u>-</u>

Innovative Output Solutions (Manchester) Limited

Notes to the Financial Statements for the 6 months period ended 30 June 2017 (continued)

10. Called up share capital

	30 June 2017 £000	31 December 2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
85,000- (2016 - 85,000) Ordinary shares of £1 each	<u>85</u>	<u>85</u>
	30 June 2017 £000	31 December 2016 £000
Shares classified as debt		
Allotted, called up and fully paid		
51,000- (2016 - 51,000) 'A' Ordinary shares of £1 each	51	51
50,000- (2016 - 50,000) Preference shares of £1 each	50	50
120,000- (2016 - 120,000) 'A' Preference shares of £1 each	120	120
99,179- (2016 - 99,179) 'B' Preference shares of £1 each	99	99
	<u>320</u>	<u>320</u>

11. Related party transactions

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

12. Ultimate parent undertaking and 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 Communication Limited can be obtained from Park House, 16/18 Finsbury Circus, London, EC2M 7EB

The ultimate parent undertaking and controlling party is DST Systems, Inc., a company incorporated in the United States of America up until 3 May 2017. Subsequent to acquisition by Grenadier Holdings PLC on the 4 May 2017, the ultimate parent undertaking and controlling party is Paragon Group Limited, a company incorporated in the United Kingdom.