

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



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
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HV

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

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INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their report and the audited financial statements for the year ended 30 June 2022.

Results

The profit for the year, after taxation, amounted to £Nil (30 June 2021 - £8,539,000). The net asset position as at the end of the year is £Nil (30 June 2021 - £320,000 net liabilities).

Principal activity

The operations of the company has since been transferred to other business units of Paragon Customer Communications group and is in the final phase of being wound down.

Directors

The directors who served during the year were:

P J Crean
L T Salmon
J E C Walters

Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2023 and quarter one of 2024, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Financial forecasts

A number of scenarios were considered for the Group in preparing the going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management Case. The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions

- The management case anticipates that volume would be steady for the remainder of calendar 2023 and into quarter one of 2024;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business;
- The downside case included further reductions in the range of 10%, 15% and 20% in turnover across the Group's five divisions for the remainder of calendar 2023 and on into quarter one of 2024 to reflect a scenario of a deeper economic impact, impact of war in Ukraine, cost of living increases, region specific lockdowns and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.

Outcome of assessment

Overall the Group traded in line with the management case for the first six months of 2023 financial year and has

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

The directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, and existing liquidity. The directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements and there are no material uncertainties the directors are aware of in relation to this. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and 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.

Coronavirus risk

The company continues to be impacted by the global outbreak of Coronavirus (COVID-19), the directors of the company and Paragon Group at large continue to assess the situation across key markets and the potential risk to the operation of the business daily. 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 company and the overall Paragon Group 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 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 of 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.

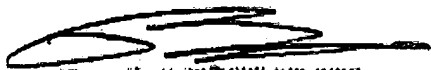
Directors' qualifying third party indemnity provisions

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 2022**

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



J E C Walters
Director

Date: 22/03/23

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £000	2021 £000
Administrative expenses		-	(115)
Other operating income	5	-	8,530
Operating profit		<u>-</u>	<u>8,415</u>
Income from fixed assets investments	6	-	124
Profit before tax		<u>-</u>	<u>8,539</u>
Profit for the financial year		<u><u>-</u></u>	<u><u>8,539</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 8 to 16 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED
REGISTERED NUMBER: 02384773

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £000	2021 £000
Total assets less current liabilities		-	-
Creditors: amounts falling due after more than one year	8	-	(320)
Net assets/(liabilities)		-	(320)
Capital and reserves			
Called up share capital	9	-	85
Merger reserve		-	81
Profit and loss account		-	(486)
		-	(320)

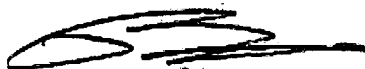
For the year ended 30 June 2022 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

Members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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



J E C Walters
Director

Date: 22/03/23

The notes on pages 8 to 16 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2021	85	81	(486)	(320)
Transfers	(85)	(81)	486	320
Other comprehensive income for the year	(85)	(81)	486	320
Total comprehensive income for the year	(85)	(81)	486	320
Total transactions with owners	-	-	-	-
At 30 June 2022	-	-	-	-

The notes on pages 8 to 16 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2020	85	81	(9,025)	(8,859)
Comprehensive income for the year				
Profit for the year	-	-	8,539	8,539
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	8,539	8,539
Total transactions with owners	-	-	-	-
At 30 June 2021	85	81	(486)	(320)

The notes on pages 8 to 16 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 2022 and these financial statements may be obtained from Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

2.3 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.5 Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2023 and quarter one of 2024, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Financial forecasts

A number of scenarios were considered for the Group in preparing our going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management Case. The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions

- The management case anticipates that volume would be steady for the remainder of calendar 2023 and into quarter one of 2024;
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- The downside case included further reductions in the range of 10%, 15% and 20% in turnover across the five divisions for the remainder of calendar 2023 and on into quarter one of 2024 to reflect a scenario of a deeper economic impact, impact of war in Ukraine, cost of living increases, region specific lockdowns and a slower recovery over the course of the next year. Those projections showed that the Group will continue to operate viably over that period.

Outcome of assessment

Overall the Group traded in line with the management case for the first six months of the 2023 financial year and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, and existing liquidity. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements, and there are no material uncertainties that the Directors are aware of in relation to this. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairments.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**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.

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 £Nil (30 June 2021 - £2,500) and this has been borne by another group entity, Paragon Customer Communications Limited.

5. Other operating income

	2022	2021
	£000	£000
Other operating income	-	8,530
	<hr/>	<hr/>
	-	8,530
	<hr/>	<hr/>

No other operating income was earned in the year while the £8,530,000 in 2021 relates to the debt waiver by the company's parent undertaking.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Income from investments

	2022 £000	2021 £000
Proceeds received from the disposal of unlisted investments	-	(124)
	<u>-</u>	<u>(124)</u>
	<u>-</u>	<u>(124)</u>

The company's investment in Pickfield Printing Company Limited was disposed of in the prior year. Pickfield Printing Company Limited has since been dissolved.

7. Taxation

	2022 £000	2021 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	-	8,539
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	-	1,622
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(1,644)
Short term timing difference leading to an increase (decrease) in taxation	-	24
Other timing differences leading to an increase (decrease) in taxation	-	(24)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	24
Group relief	-	(2)
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Temporary differences have been remeasured using these budget tax rates that are expected to apply when the liability is settled or the asset realised.

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

	2022 £000	2021 £000
Share capital treated as debt	-	320
	-	320

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Share capital

	2022	2021
	£000	£000
Shares classified as equity		
Allotted, called up and fully paid		
1 (2021 - 85,000) Ordinary share of £1.00	-	85
	<u> </u>	<u> </u>
		2021
		£000
Shares classified as debt		
Allotted, called up and partly paid		
Nil (2021 - 51,000) A Ordinary shares shares of £1.00 each	-	51
Nil (2021 - 50,000) Preference shares shares of £1.00 each	-	50
Nil (2021 - 120,000) A Preference shares shares of £1.00 each	-	120
Nil (2021 - 99,179) B Preference shares shares of £1.00 each	-	99
	<u> </u>	<u> </u>
	-	320
	<u> </u>	<u> </u>

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. 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.

10. 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 2022**

11. 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 PLC (formerly Grenadier (UK) Limited), a wholly owned subsidiary of Paragon Group Limited is the immediate parent undertaking of Paragon Customer Communications Limited.