

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

FRIDAY



AAYK553E

A11

25/02/2022

#2

COMPANIES HOUSE

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	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 - 3
Independent Auditors' Report	4 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10 - 11
Notes to the Financial Statements	12 - 20

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The directors present their report and the audited financial statements for the year ended 30 June 2021.

Results

The profit for the year, after taxation, amounted to £8,539,000 (30 June 2020 - £Nil). The net liabilities position as at the end of the year is £320,000 (30 June 2020 - £8,859,000).

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 the period under review being July 2021 through to March 2023, 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 and extensive actions already undertaken to protect profitability and conserve cash.

Four scenarios were considered by the Paragon Group in preparing their going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. Overall the Group traded in line with the management case for the first six months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

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 the period under review;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme 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%, 25% and 40% in turnover across the Group's five divisions for the remainder of period under review, to reflect the scenario of a deeper economic impact, region specific lockdowns in the UK 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;
- The above downside case excludes €180m in post-balance sheet funding received by the wider Group, which will have a positive impact on going concern.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, 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.

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.

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.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

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 judgements 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

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.

Independent auditor

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

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

Jeremy Walters
J E C Walters
Director

Date: 18/2/2022

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 2021, which comprise the Statement of Comprehensive Income, 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 2021 and of its profit 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

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.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

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

Responsibilities of directors for the financial statements

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks FRS102 and the Companies Act 2006).
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthroughs performed with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

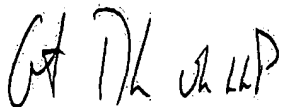
INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

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

- understanding how the Board considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity.
 - In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of our report

This report is made solely to the Company's members 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 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
Date: 18 February 2022

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Administrative expenses		(115)	-
Other operating income	5	8,530	-
Operating profit		8,415	-
Income from fixed assets investments	7	124	-
Profit before tax		8,539	-
Profit for the financial year		8,539	-

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£000NIL).

The notes on pages 12 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED
REGISTERED NUMBER: 02384773

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	9	-	124
		<u>-</u>	<u>124</u>
Creditors: amounts falling due within one year	10	-	(8,663)
Net current assets/(liabilities)		<u>-</u>	<u>(8,663)</u>
Total assets less current liabilities		<u>-</u>	<u>(8,539)</u>
Creditors: amounts falling due after more than one year	11	(320)	(320)
Net liabilities		<u>(320)</u>	<u>(8,859)</u>
Capital and reserves			
Called up share capital	12	85	85
Merger reserve		81	81
Profit and loss account		(486)	(9,025)
		<u>(320)</u>	<u>(8,859)</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

Jeremy Walters

J E C Walters
 Director

Date: 18/2/2022

The notes on pages 12 to 20 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
	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	8,539	8,539
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	85	81	(486)	(320)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	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 2020	85	81	(9,025)	(8,859)

The notes on pages 12 to 20 form part of these financial statements.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

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 2021 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 2021**

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 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 the period under review being July 2021 through to March 2023, 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 and extensive actions already undertaken to protect profitability and conserve cash.

Four scenarios were considered by the Paragon Group in preparing their going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. Overall the Group traded in line with the management case for the first six months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

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 the period under review;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme 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%, 25% and 40% in turnover across the Group's five divisions for the remainder of period under review, to reflect the scenario of a deeper economic impact, region specific lockdowns in the UK 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;
- The above downside case excludes €180m in post-balance sheet funding received by the wider Group, which will have a positive impact on going concern.

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, 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.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)**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.

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 £2,500 (30 June 2020 - £2,200) and this has been borne by another group entity, *Paragon Customer Communications Limited*.

5. Other operating income

	2021	2020
	£000	£000
Other operating income	8,530	-
	8,530	-

This relates to the waiver of the debt owed by the company to another group member as a result of the restructuring of Paragon Customer Communication Group in its entirety.

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Income from investments

	2021 £000	2020 £000
Proceeds received from the disposal of unlisted investments	(124)	-
	<u>(124)</u>	<u>-</u>

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

8. Taxation

	2021 £000	2020 £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 2021**

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £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% (2020 - 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.

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Fixed asset investments

	Investments in subsidiary companies £000
At 1 July 2020	124
Disposals	(124)
	<hr/>
At 30 June 2021	-
	<hr/> <hr/>

The company's investment in Pickfield Printing Company Limited, registered in England and Wales at Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB was disposed of during the year. Pickfield Printing Company Limited has since been dissolved.

10. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	-	8,654
Accruals and deferred income	-	9
	<hr/>	<hr/>
	-	8,663
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2021 £000	2020 £000
Share capital treated as debt	320	320
	<hr/>	<hr/>
	320	320
	<hr/> <hr/>	<hr/> <hr/>

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Share capital

	2021	<i>2020</i>
	£000	<i>£000</i>
Shares classified as equity		
Allotted, called up and fully paid		
85,000 (2020 - 85,000) Ordinary shares of £1.00 each	85	<i>85</i>
	2021	<i>2020</i>
	£000	<i>£000</i>
Shares classified as debt		
Allotted, called up and fully paid		
51,000 (2020 - 51,000) A Ordinary shares shares of £1.00 each	51	<i>51</i>
50,000 (2020 - 50,000) Preference shares shares of £1.00 each	50	<i>50</i>
120,000 (2020 - 120,000) A Preference shares shares of £1.00 each	120	<i>120</i>
99,179 (2020 - 99,179) B Preference shares shares of £1.00 each	99	<i>99</i>
	320	<i>320</i>

INNOVATIVE OUTPUT SOLUTIONS (MANCHESTER) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. 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.

13. 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 2021**

14. 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.