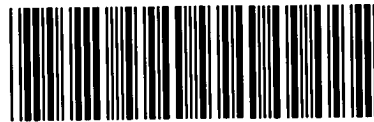


Registered Number: 02788181

DST Output (London) Limited
Reports of the Director and financial statements
for the year ended 31 December 2013

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DST Output (London) Limited

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DST Output (London) Limited

Director and Advisors

Director

G Givens

Company Registration Number

02788181

Registered Office

Evolution House
Choats Road
Dagenham
Essex
RM9 6BF

Bankers

Lloyds TSB Bank plc
25 Gresham Street,
London,
E2CV 7HN

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium,
1 Harefield Road,
Uxbridge,
Middlesex,
UB8 1EX

DST Output (London) Limited

Strategic report For the year ended 31 December 2013

The Director presents his Strategic Report of DST Output (London) Limited for the year ended 31 December 2013.

Review of the business

The results for the company show a pre-tax profit of £4.0 million (2012: £3.8 million loss) for the year and turnover of £71.9 million (2012: £69.6 million). The director has not proposed or paid a dividend in the current year (2012: £nil).

Key performance indicators

The directors of DST Output Limited manage the group's operations on a group basis. For this reason, the company's director believes that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of DST Output (London) Limited. The development, performance and position of the DST Output Limited group, which includes the company, are discussed on page 2 of the group's annual report, which does not form part of this report.

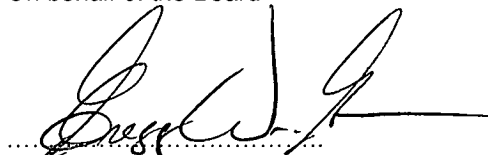
Principal risks and uncertainties

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 DST Output Limited group, which include those of the company, are discussed on pages 2 and 3 of the group's annual report which does not form part of this report.

Environmental matters

The company recognises the importance of their environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The company operates in accordance with ISO 14001 and are FSC accredited. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

On behalf of the Board



G. Givens
Director

Date: 9/06/2014

Registered number 02788181

DST Output (London) Limited

Director's report For the year ended 31 December 2013

The director presents his report and audited financial statements of the company for the year ended 31 December 2013.

Director

The following director has held office during the year and to the date of signing these financial statements:

G. Givens

The director does not have any beneficial interest in the shares of the company.

Principal activities

DST Output (London) Limited provides a range of services in the processing of data, printing, mailing, distribution and the distribution of information via the Internet.

Financial risk management

Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of continually managing exposure to commodity price risk exceeds any significant potential benefits. The risk is mitigated due to the ongoing centralisation of the group procurement team and also certain inputs being rechargeable directly to clients. The directors of the group will revisit the appropriateness of this policy should the group's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The group is exposed to customer credit risk through continuing uncertainty in the economy. The group has implemented policies that require appropriate credit checks on potential customers before work is undertaken. Additionally any significant increases in activity on existing clients will result in a reassessment of their credit risk.

Liquidity risk

The group actively maintains a mixture of long-term and short-term debt finance through term loans and intercompany funding through the support of its parent company. These measures are designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The group has interest bearing assets and liabilities. All intercompany liabilities carry a fixed interest rate. All external liabilities include a variable element within their interest rate. This variable rate is not currently hedged as this is currently deemed low risk. The directors of the group will revisit the appropriateness of this policy should the market change significantly.

Foreign currency risk

The majority of the group's customers and suppliers are in the United Kingdom. The foreign currency exposure arising from this small proportion of foreign currency customers and suppliers is deemed low risk by the directors. The directors of the group will revisit the appropriateness of this policy should the group's operations change in size or nature.

Research & Development

The director regards the investment in research and development as integral to the continuing success of the business and ensuring that we remain in the forefront in our industry.

DST Output (London) Limited

Director's report

For the year ended 31 December 2013 (continued)

Investment in New Equipment

To ensure that the group continues to deliver the quality and speed of service that our customers require, the group will continue to keep abreast and to invest in new technology to meet their requirements.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters that affect them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to other employees.

Going concern

The director has concluded that it is appropriate to prepare the financial statements on a going concern basis in accordance with the Companies Act 2006 because its ultimate parent company, DST Systems, Inc, has given a written undertaking that it will continue to support the company for at least the next 12 months after signing to allow it to meet its liabilities as they fall due. For this reason the director continues to adopt the going concern basis in preparing the financial statements.

Directors' Indemnities

DST Systems, Inc maintains liability insurance for its directors. For the purposes of the Companies Act 2006, DST Systems, Inc provides indemnity insurance for its directors and company secretary for qualifying third party provisions.

Statement of director's responsibilities

The director is responsible for preparing the Director's 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 director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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 have been followed, subject to any material departures disclosed and explained in the financial statement;

DST Output (London) Limited

Director's report

For the year ended 31 December 2013 (continued)

Statement of director's responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Statement of disclosure of information to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that they ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

By order of the board



G. Givens
Director

Date: 9/06/2014

Independent Auditors Report to the Members of DST Output (London) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by DST Output (London) Limited, comprise:

- the Profit and Loss Account
- the Balance Sheet and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Reports of the Director and Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors Report to the Members of DST Output (London) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the director

As explained more fully in the Director's Responsibilities Statement set out on pages 4 and 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



Archie Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

9 / 6 / 14

DST Output (London) Limited

Profit and loss account For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	71,910	69,616
Cost of sales		<u>(34,201)</u>	<u>(36,710)</u>
Gross profit		37,709	32,906
Total Administrative expenses		(33,880)	(36,959)
Administrative expenses		(33,880)	(32,231)
Exceptional items		-	(4,728)
Operating profit/(loss)	3	3,829	(4,053)
Loss on sale of tangible assets		<u>-</u>	<u>(33)</u>
Profit/(Loss) on ordinary activities before interest		3,829	(4,086)
Investment income	4	163	309
Interest payable and similar charges	5	<u>-</u>	<u>(35)</u>
Profit/(Loss) on ordinary activities before taxation		3,992	(3,812)
Tax on profit/(loss) on ordinary activities	6	(1,755)	736
Profit/(loss) for the financial year	19	<u>2,237</u>	<u>(3,076)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit/(loss) on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.


DST Output (London) Limited

Balance sheet As at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	9	5,382	8,274
Investments	10	1	1
		<u>5,383</u>	<u>8,275</u>
Current assets			
Stocks	11	571	709
Debtors	12	26,849	29,196
Cash at bank and in hand		1	2
		<u>27,421</u>	<u>29,907</u>
Creditors: amounts falling due within one year	13	<u>(42,723)</u>	<u>(49,510)</u>
Net current liabilities		<u>(15,302)</u>	<u>(19,603)</u>
Total assets less current liabilities		<u>(9,919)</u>	<u>(11,328)</u>
Creditors: amounts falling due after more than one year	14	(587)	(852)
Provisions for liabilities	15	<u>(1,280)</u>	<u>(1,843)</u>
Net liabilities		<u>(11,786)</u>	<u>(14,023)</u>
Capital and reserves			
Called up share capital	17	30	30
Other reserves	18	839	839
Profit and loss account	18	<u>(12,655)</u>	<u>(14,892)</u>
Total shareholders' deficit	19	<u>(11,786)</u>	<u>(14,023)</u>

The financial statements on pages 8 to 21 were approved by the Board of Directors on and signed on its behalf by

9/06/2014


G Givens
Director

Registered number 02788181

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013

1. Accounting policies

Accounting convention and comparative figures

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies have been applied consistently and are disclosed below.

Going concern

The director has concluded that it is appropriate to prepare the financial statements on a going concern basis in accordance with the Companies Act 2006 because its ultimate parent company, DST Systems, Inc, has given a written undertaking that it will continue to support the company for at least the next 12 months after signing to allow it to meet its liabilities as they fall due. For this reason the director continues to adopt the going concern basis in preparing the financial statements.

Consolidation

The company is a wholly owned subsidiary of DST Output 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 DST Output Limited.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of DST Output Limited and is included in the consolidated financial statements of DST Output Limited. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under FRS1 (revised 1996). The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the DST Output Limited group or investees of the group. For details of other related party transactions see note 23.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and discounts.

Print-mail

Turnover is recognised based upon the number of packages or items printed and delivered to or mailed on behalf of clients at the point of dispatch.

Services

Development and consulting services are provided on a time and materials basis. The turnover is recognised as the services are provided. Turnover provided under a fixed price contract is recognised on a percentage of completion basis.

Real Estate

Rental income, in respect of operating leases, is recognised as turnover in the profit and loss account evenly over the period to which it relates.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

Deferred income on contracts

Deferred income represents items billed in advance for periods of up to 12 months or items which do not yet fulfil the turnover recognition criteria.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Assets being depreciated on a straight line basis except for motor vehicles, computers, office equipment & furniture and production machinery which are calculated on either accelerated methods of depreciating assets or straight line basis. The assets are depreciated over the following periods:

Land and buildings leasehold	shorter of the remaining lease period or 10 years.
Plant and machinery	4 - 7 years
Fixtures, fittings & equipment	3 - 5 years
Computer equipment	2 - 3 years
Motor vehicles	3 - 5 years

Impairment

The company performs impairment reviews in respect of tangible fixed assets and intangible assets where events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised when the receivable amount of an asset, which is the higher for an asset is net realisable value and its value in use, is less than its carrying amount.

Capital risk management

Capital risk is monitored by the DST Output Limited group management. The group's objectives when managing capital are to safeguard its ability to continue as a going concern and maintain an optimal capital structure to minimise the cost of capital. This is undertaken through changes made to the underlying debt structures within the group and, where appropriate, issuing shares or selling assets to reduce debt.

Leasing commitments

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each year.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stock and work in progress

Stock comprising raw materials, consumables and work in progress are valued at the lower of cost and net realisable value, after allowance for obsolete and slow moving items. Provision is made where necessary for obsolete and slow moving and defective stocks.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

Stock and work in progress (continued)

Work in progress is valued on the basis of direct costs based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Government grants

Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Reverse lease premium

Amounts received as an incentive to enter into operating leases are capitalised and amortised through the profit and loss account on a straight line basis over the shorter of the period up to the date of the first rent review or the expiry of the lease itself.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue during the year. Actual results could differ from these estimates.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised where the group is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Provisions for dilapidations represent the estimated cost of repairs required under all current property rentals prior to the end of the lease term.

Provision for onerous leases relates to vacant properties held by the group under operating leases. The provision recognised represents the least cost of exiting by contract offset by any expected benefits expected to be received under it.

Any provision for impairment of trade debtors is established where there is evidence that the group will not be able to collect all amounts due. The provision is determined by reference to previous experience of collectability relevant to specific customer.

2. Turnover

The turnover of the company for the year has been derived from its principal activity as follows:

	2013 £'000	2012 £'000
By destination		
United Kingdom	67,669	64,657
Europe	1,981	2,149
Rest of world	2,260	2,810
	<u>71,910</u>	<u>69,616</u>

All turnover originates in the United Kingdom

3. Operating profit/(loss)

	2013 £'000	2012 £'000
Operating profit/(loss) is stated after charging:		
Amortisation of goodwill	-	395
Impairment of goodwill – exceptional item	-	4,728
Impairment – intercompany balance	2,597	977
Depreciation of tangible assets - owned	3,462	3,339
Operating lease rentals - plant and machinery	2,632	2,443
Operating lease rentals - other	1,824	2,113
(Gain)/Loss on foreign exchange transactions	(2)	39

Services provided by the company's auditor

Fees payable for the audit	113	113
Fees payable for other services – taxation	<u>64</u>	<u>-</u>

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

4. Investment income

	2013 £'000	2012 £'000
Dividends received from joint ventures and associates	<u>163</u>	<u>309</u>

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Finance lease interest	<u>-</u>	<u>35</u>

6. Tax on profit/(loss) on ordinary activities

	2013 £'000	2012 £'000
Current period tax		
Tax charge	1,684	-
Adjustment for prior year	-	(294)
	<u>1,684</u>	<u>(294)</u>
Deferred tax		
Deferred tax credit	15	(442)
Adjustment in respect of prior years	56	-
	<u>71</u>	<u>(442)</u>
Tax on profit/(loss) on ordinary activities	<u>1,755</u>	<u>(736)</u>

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5 %). The differences are explained below:

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before taxation	<u>3,992</u>	<u>(3,812)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.25% (2012: 24.5%)	<u>928</u>	<u>(934)</u>
Effects of:		
Expenses not deductible for tax	769	1,527
Depreciation in excess of capital allowances	90	(303)
Non-taxable group income	-	(76)
Utilisation of tax losses	(113)	-
Other timing differences	10	(214)
Adjustment in respect of prior year	-	(294)
	<u>756</u>	<u>640</u>
Current tax charge	<u>1,684</u>	<u>(294)</u>

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

6. Tax on profit/(loss) on ordinary activities (continued)

Factors which may affect future tax charges

Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction.

The director is of the opinion that the financial effect of these future rate reductions will not be significant.

7. Director's emoluments

The director is remunerated through other group companies and no recharges were made. It is not possible to apportion the proportion of the remaining director's work that was performed for the company.

There is no director for whom retirement benefits are accruing under money purchase pension schemes (2012 - nil).

8. Employees

Number of employees

The average monthly number of staff employed by the company during the financial year (excluding director) amounted to:

	2013 Number	2012 Number
Administrative staff	215	171
Sales staff	6	7
Operations staff	426	337
	<u>647</u>	<u>515</u>

Employment costs

	£'000	£'000
Wages and salaries	17,926	17,165
Social security costs	1,596	1,643
Other pension costs	92	63
	<u>19,614</u>	<u>18,871</u>

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

9. Tangible fixed assets

	Leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2013	5,735	12,581	778	2,783	704	22,581
Additions	366	101	59	79	-	605
Disposals	(21)	(412)	(9)	-	(144)	(586)
At 31 December 2013	6,080	12,270	828	2,862	560	22,600
Accumulated depreciation						
At 1 January 2013	2,704	8,149	699	2,143	612	14,307
Charge for the year	663	2,288	62	372	77	3,462
Disposals	(15)	(388)	(9)	-	(139)	(551)
At 31 December 2013	3,352	10,049	752	2,515	550	17,218
Net book value						
At 31 December 2013	2,728	2,221	76	347	10	5,382
At 31 December 2012	3,031	4,432	79	640	92	8,274

10. Fixed asset investments

	Total £'000
Shares in group undertakings:	
Cost - At 1 January and 31 December 2013	4,315
Provision for impairment - 1 January and 31 December 2013	4,314
Net book value - At 31 December 2012 and 2013	1

The company holds share capital in the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Nature of business
Subsidiary under - takings directly held				
IOS Business Couriers Limited (*)	England and Wales	Ordinary shares	100	Dormant
dsi Nexdax Limited (*)	England and Wales	Ordinary shares	100	Dormant
Participating Interests				
Joint ventures				
dsi Billing Services Limited	England and Wales	Ordinary shares	50	Billing and service providers
Associates				
European Direct Mail Specialists	England and Wales	Ordinary shares	50	Mailing and delivery services
Response Handling Centre Limited	England and Wales	Ordinary shares	34	Administration Support

(*) – These entities were struck off Companies House in 2014 on the request of the directors.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

11. Stocks and work in progress

	2013 £'000	2012 £'000
Raw materials and consumables	404	336
Work in progress	167	373
	<u>571</u>	<u>709</u>

The replacement cost of raw materials and consumables is not materially different from the amounts stated above.

12. Debtors

	2013 £'000	2012 £'000
Trade debtors	8,606	11,285
Amounts owed by parent and fellow subsidiary undertakings	12,906	10,179
Amounts owed by joint ventures and associates	427	669
Other debtors	52	256
Prepayments and accrued income	2,613	4,491
Deferred tax asset	2,245	2,316
	<u>26,849</u>	<u>29,196</u>

Amounts owed by parent and fellow subsidiary undertakings and by participating interests are unsecured, repayable on demand and do not bear any interest.

Deferred tax asset	2013 £'000	2012 £'000
Balance at 1 January	2,316	1,751
Transfer from group companies	-	123
Profit and loss account	(71)	442
Balance at 31 December	<u>2,245</u>	<u>2,316</u>

The deferred tax asset is made up as follows:

	2013 £'000	2012 £'000
Decelerated capital allowances	1,861	1,768
Tax losses	-	113
Other timing differences	384	435
	<u>2,245</u>	<u>2,316</u>

A deferred tax asset of £42,500 was not recognised at 31 December 2013. The asset relates to estimated trading losses transferrable to the company in connection with the transfer, to the company during the previous year, of a part of the direct mail and communication services business of an affiliate.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

13. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	2,973	5,000
Amounts owed to parent and fellow subsidiary undertakings	34,321	37,383
Other taxes and social security costs	706	700
Other creditors	278	623
Accruals and deferred income	4,327	4,884
Deferred bonus scheme	-	776
Capital Grant	118	144
	<u>42,723</u>	<u>49,510</u>

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

14. Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Other creditors	349	496
Capital grant	238	356
	<u>587</u>	<u>852</u>

15. Provisions for liabilities and charges

	Dilapidations £'000	Onerous leases £'000	Total £'000
Balance at 1 January 2013	800	1,043	1,843
Profit and loss account	(185)	(378)	(563)
Balance at 31 December 2013	<u>615</u>	<u>665</u>	<u>1,280</u>

Analysis of provisions

Provisions are expected to materialise as follows:

	Dilapidations leases £'000	Onerous leases £'000	Total £'000
Between one and two years	123	136	259
Between three and five years	63	341	404
More than five years	429	188	617
	<u>615</u>	<u>665</u>	<u>1,280</u>

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

15. Provisions for liabilities and charges (continued)

Dilapidation provisions

Provision for dilapidations represents the estimated cost of repairs required under all current property rentals prior to the end of the lease term.

Onerous lease provisions

Provision for onerous leases relates to vacant properties held by the Group under operating leases. The provision recognised represents the lease cost of exiting the contract offset by any expected benefits to be received.

16. Pension

	2013 £'000	2012 £'000
Defined contribution		
Contributions payable by the company for the year	<u>92</u>	<u>63</u>

17. Called up share capital

	2013 £'000	2012 £'000
Allotted and fully paid		
29,906 (2012:29,906) Ordinary shares of £1 each	<u>30</u>	<u>30</u>

18. Statement of movements on reserves

	Other reserves (see below) £'000	Profit and loss account £'000
Balance at 1 January 2013	839	(14,892)
Profit for the financial year	-	2,237
Balance at 31 December 2013	<u>839</u>	<u>(12,655)</u>
Other reserves		
Capital redemption reserves		
Balance at 1 January and 31 December 2013	<u>8</u>	
Merger reserve		
Balance at 1 January and 31 December 2013	<u>831</u>	

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

19. Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Shareholders' deficit at 1 January	(14,023)	(10,947)
Profit/(Loss) for the financial year	2,237	(3,076)
Shareholders' deficit at 31 December	(11,786)	(14,023)

20. Contingent liabilities

The company is a participant in a group banking arrangement in relation to dsicmm Group Limited under which the company has issued an unlimited guarantee to the bank, under the terms of a fixed and floating charge, to support this group facility.

21. Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases:

	Land and buildings		Other	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating leases which expire				
Within one year	-	-	1,728	1,998
Between two and five years	1,246	256	197	270
In over five years	481	1,644	-	-
	1,727	1,900	1,925	2,268

22. Ultimate parent undertaking and controlling party

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

The ultimate parent undertaking company and controlling party is DST Systems, Inc, a company incorporated in the United States of America.

DST Output Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Output Limited can be obtained from Evolution House, Choats Road, Dagenham, Essex, RM9 6BF.

DST Systems, Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Systems, Inc are available from 333 West 11th Street, Kansas City, MO 64105, USA.

DST Output (London) Limited

Notes to the financial statements For the year ended 31 December 2013 (continued)

23. Related party transactions

The related party transactions undertaken in the year are as follows:

		2013	2012
		£'000	£'000
Joint ventures and associates			
dsi Billing Services Limited	Sales	1,157	901
	Purchases	(20)	-
	Management charges	37	37
	Dividend received	163	309
European Direct Mailing Services Limited	Sales	486	669
	Management charges	38	38
Response Handling Centre Limited	Sales	-	5
	Management charges	27	27
The following balances were owed to/ (owed by) the company at the year end:			
dsi Billing Services Limited		95	170
European Direct Mailing Services Limited		327	499
Response Handling Centre Limited		5	-