
PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

COMPANY INFORMATION

Directors	P J Crean L T Salmon J E C Walters
Company secretary	R J Cahill
Registered number	02788181
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 7HN

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Principal activities

Paragon Customer Communications (London) Limited provides a range of services in the process of data, printing, mailing, distribution and the distribution of information via the internet.

Business review

The results for the company for the year show a profit before taxation of £0.4 million (30 June 2019 - £9.5 million profit) and turnover of £169.4 million (30 June 2019 - £118.4 million). The directors have not proposed or paid a dividend during the year (30 June 2019 - £Nil). The net assets position as at the end of the year is £39.7m (30 June 2019 - £39.5m).

The increase of about 43% in turnover was a result of the acquisitions carried out in 2019 coupled with the hive over of part of the operations of Paragon Group UK based in Sunderland and Rotherham.

However, trading in the last quarter of the year was impacted by the Covid19 pandemic, while none of the business operations were closed during the pandemic the decline in the general business activity resulting from the lockdown led to lower business volumes within the business and the business made use of the Coronavirus Job Retention Scheme offered by the UK government. The business continued to service its clients with the continued support and efforts of the employees during this difficult and uncertain period.

Trade and assets of OT Group (formerly known as (Paragon Data Analytics Limited) and Paragon Customer Communications (Finsbury Circus) Limited were transferred and combined with that of the company, these transfer were completed on 30 April 2020 and 31 May 2020 respectively.

Key performance indicators

Paragon Customer Communications (London) Limited is a wholly owned subsidiary of Paragon Customer Communications Limited (the "group"). Paragon Customer Communications (London) Limited is managed by the directors in accordance with the strategies of its parent company, Paragon Customer Communications Limited. 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.

Strategy and future developments

The company continues to develop and provide deep expertise in a full range of market leading integrated solutions that match the demands of an evolving and complex customer communication landscape.

Future developments will include developing solutions unique to Paragon, whilst also integrating best of breed third party software and application to ensure we always offer clients the most up to date and relevant customer communications solutions for their specific challenges. We continue to invest in an infrastructure that enables us to make physical communication more engaging, often using dynamic, variable data combined with interactive formats. Being part of a global group, we benefit from the sharing of knowledge, best practice and research and development, providing world leading applications on both a local and international level.

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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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 is FSC accredited. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

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.

Brexit risk

At the time of writing, the post Brexit relationship between the UK and Europe has yet to be finalised, the business has planned for the worst case scenario of a "no deal" by ensuring we have continuity of supply of the major materials used in the operations and in working with transport & freight organisations to ensure we are able to distribute products and services to any countries which might be impacted by Brexit.

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



J E C Walters
Director

Date: 2 February 2021

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the audited financial statements for the year ended 30 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £0.2million (2019 - £9.2 million profit).

Directors

The directors who served during the year were:

P J Crean
L T Salmon
J E C Walters

Going concern

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

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a financial risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of trade debtors, creditors and in particular those relating to overseas suppliers and customers. The company does not use derivative financial instruments to manage currency risk exposure and as such, no hedge accounting is applied.

Price risk

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Foreign currency risk

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

Credit risk

The company is exposed to customer credit risk through continuing uncertainty in the economy. The company 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. The company is a party to Paragon Customer Communications Limited group's debt factoring arrangement which minimizes the issue of credit risk.

Liquidity risk

The company has access to funding from other group companies sufficient to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risks

The company has no interest bearing assets and liabilities. All intercompany liabilities are interest free and currently deemed low risk. The directors will revisit the appropriateness of this policy should the market change significantly.

Investment in new equipment

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

Research and development activities

The directors regard the investment in research and development as integral to the continuing success of the business and ensuring that it remains at the forefront of the industry.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude 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 people should, as far as possible, be identical to other employees.

Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of Paragon Customer Communications (London) Limited. For the purposes of the Companies Act 2006, Paragon Customer Communications Limited provides indemnity insurance for the directors and company secretary of Paragon Customer Communications (London) 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Engagement with suppliers, customers and others

Focus Areas	How we engage	Engagement outcomes
Engaging employee culture	Fortnightly "all staff newsletter" via email and electronic displays	All employees are aware of significant success and activities across the business
Motivated and talented employees	Development and succession planning	Employees supported in external qualifications
Safety focus	All staff have mandatory safety training relevant to their roles within the business	All employees are aware of their role in their own safety and the safety of those around them, accident levels are low.
Diversity and inclusion agenda	The senior management team have put in place an Equality, Diversity & Inclusion Policy and has established an Inclusion Council.	The Inclusion Council will support the senior management team in the creation of an integrated inclusion strategy.

Strong leadership, along with continued support from customers and suppliers, who continue to recognise Paragon group's commitment to the communications industry, resulted in us reporting excellent growth in both turnover and profitability, primarily from the augmentation of existing accounts within the Paragon group of companies.

Our position of offering a complete range of communication solutions is becoming ever more attractive to clients in an increasingly complex multi-channel driven, communication landscape. These financial statements show the costs related to our ongoing integration with the Paragon group and our commitment to continue to offer the very best solutions for our customers, most notably our expansion into new key European financial centres including Luxembourg and Dublin. This investment builds on Paragon Customer Communications' cross-border expertise and presence

Statement of 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 directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors 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.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

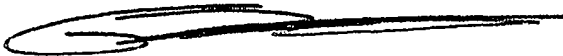
PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Independent auditors

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.



J E C Walters
Director

Date: 2 February 2021

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

Opinion

We have audited the financial statements of Paragon Customer Communications (London) Limited (the 'Company') for the year ended 30 June 2020, 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

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

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED (CONTINUED)

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

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS
(LONDON) LIMITED (CONTINUED)**

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.

GT DL JA LLP

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

4 February 2021

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £000	2019 £000
Turnover	4	169,393	118,390
Cost of sales		(116,156)	(79,468)
Gross profit		53,237	38,922
Distribution costs		(246)	(75)
Administrative expenses		(53,354)	(29,079)
Other operating income	5	1,139	-
Operating profit	6	776	9,768
Income from fixed assets investments	9	240	100
Interest payable and expenses	10	(589)	(399)
Profit before tax		427	9,469
Tax on profit	11	(196)	(284)
Profit for the financial year		231	9,185

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

All amounts relate to continuing operations.

The notes on pages 17 to 39 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED
REGISTERED NUMBER: 02788181

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	18,137	14,283
Tangible assets	13	4,625	6,588
Investments	14	1,756	14,846
		<u>24,518</u>	<u>35,717</u>
Current assets			
Stocks	15	1,384	1,827
Debtors: amounts falling due within one year	16	87,010	63,729
Cash at bank and in hand	17	68	104
		<u>88,462</u>	<u>65,660</u>
Creditors: amounts falling due within one year	18	(41,652)	(29,269)
Net current assets		<u>46,810</u>	<u>36,391</u>
Total assets less current liabilities		<u>71,328</u>	<u>72,108</u>
Creditors: amounts falling due after more than one year	19	(31,168)	(31,826)
Provisions for liabilities			
Other provisions	22	(441)	(794)
		<u>(441)</u>	<u>(794)</u>
Net assets		<u>39,719</u>	<u>39,488</u>
Capital and reserves			
Called up share capital	23	30	30
Share premium account		831	831
Capital redemption reserve		8	8
Capital contribution reserves		152	152
Profit and loss account		38,698	38,467
		<u>39,719</u>	<u>39,488</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED
REGISTERED NUMBER: 02788181

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

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: 2 February 2021

The notes on pages 17 to 39 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

	Called up share capital	Merger reserve	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2019	30	831	8	152	38,467	39,488
<i>Comprehensive income for the year</i>						
Profit for the year	-	-	-	-	231	231
<i>Other comprehensive income for the year</i>						
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	231	231
Total transactions with owners	-	-	-	-	-	-
At 30 June 2020	30	831	8	152	38,698	39,719

The notes on pages 17 to 39 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

	Called up share capital	Merger reserve	Capital redemption reserve	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2018	30	831	8	152	29,282	30,303
Comprehensive income for the year						
Profit for the year	-	-	-	-	9,185	9,185
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	9,185	9,185
Total transactions with owners	-	-	-	-	-	-
At 30 June 2019	30	831	8	152	38,467	39,488

The notes on pages 17 to 39 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Paragon Customer Communications (London) Limited is a private company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- 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 2020 and these financial statements may be obtained from Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

2.3 Consolidation

The company is a wholly owned 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Going concern

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

2.5 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 material basis. The revenue is recognised as the service provided. Turnover provided under a fixed price contract is recognised on a percentage of completion basis.

Deferred income on contracts

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

2.6 Government grants

The receipt of funds from government grants is recognised in profit or loss in the same period in which the expense to which it relates is incurred.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.7 Intangible assets

Goodwill

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 20 years.

Customer relationships

Customer relationships identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally 2 - 10 years.

Computer software

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software are considered to have a finite useful life of three years and amortised over this period. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	- shorter of the remaining lease period or 10 years
Plant and machinery	- 4 - 7 years
Motor vehicles	- 3 - 5 years
Fixtures and fittings	- 3 - 5 years
Computer equipment	- 2 - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Impairment

The company performs impairment reviews in respect of tangible fixed 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 of the net realisable value and its value in use, is less than its carrying amount.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.12 Capital risk management

Capital risk is monitored by the Paragon Customer Communications 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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.14 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Investments

Investments held as fixed assets are shown at costs less provision for impairment.

2.16 Stocks 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 the allowance for obsolete and slow moving items. Provision is made where necessary for obsolete and slow moving and defective stocks. 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.

2.17 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company to the fund in respect of the year.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.18 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.19 Provisions

Provisions are recognised where the company 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.

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Reserves

The company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- The capital contribution reserve represents funds injected from the parent company through balances due which have been waived and the accounting for share-based payments.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible assets (see note 12)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Contract accounting

The company applies its policies on turnover and contracts when recognising revenue and profit on partially completed contracts. The application of this policy requires judgements to be made in respect of the total expected costs to complete and the profit margin achievable on each contract. The company has in place established internal review processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

- Impairment of receivables (see note 15)

The company makes an estimate of the recoverable value of trade, other debtors and amounts owed by group entities. When assessing impairment of trade, other debtors and amounts owed by group entities, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

- Fair value on acquisitions

The carrying value of certain items of the company's assets and liabilities are dependent on the fair values assigned to them when acquired. Judgement is used in assessing these fair values for customer relationships and other intangibles especially where open market valuations are not readily accessible.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Printmail	66,319	63,004
Services	103,074	55,386
	<u>169,393</u>	<u>118,390</u>

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	160,191	109,976
Rest of Europe	6,962	7,498
Rest of the world	2,240	916
	<u>169,393</u>	<u>118,390</u>

5. Other operating income

	2020	2019
	£000	£000
Government grants receivable	1,139	-
	<u>1,139</u>	<u>-</u>

During the financial year, the company received government assistance relating to the wages and salaries costs of employees furloughed under the Coronavirus Job Retention Scheme. Grants received have been recognised using the accrual model in accordance with FRS102 paragraph 24.5, and amount to £1,139,000 (2019 - £Nil).

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible assets:		
- owned assets	1,601	1,090
- owned assets under finance lease	461	384
Amortisation of intangible assets	3,650	289
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	60	41
Exchange differences	21	(109)
Other operating lease rentals		
- plant and machinery	1,604	1,884
- other operating leases	3,225	2,434
	<u>1,601</u>	<u>1,090</u>

7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	36,081	22,360
Social security costs	3,712	2,346
Cost of defined contribution scheme	1,044	441
	<u>40,837</u>	<u>25,147</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Operations	777	549
Administration	308	186
	<u>1,085</u>	<u>735</u>

8. Directors' remuneration

The directors were remunerated through other Paragon UK Group companies and no recharges were made as it was not possible to determine the proportion of the directors' work that was performed for the company.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. Income from investments

	2020	2019
	£000	£000
Dividends received from joint ventures and associates	<u>240</u>	<u>100</u>

10. Interest payable and similar expenses

	2020	2019
	£000	£000
Loans from group undertakings	537	355
Finance leases and hire purchase contracts	42	44
Other interest payable	10	-
	<u>589</u>	<u>399</u>

11. Tax on profit

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	26	-
Adjustments in respect of previous periods	30	64
	<u>56</u>	<u>64</u>
Total current tax	<u>56</u>	<u>64</u>
Deferred tax		
Origination and reversal of timing differences	17	122
Adjustment in respect of prior periods	207	98
Effect of tax rate change	(84)	-
Total deferred tax	<u>140</u>	<u>220</u>
Taxation on profit on ordinary activities	<u>196</u>	<u>284</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	428	9,469
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19 %)	81	1,799
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	95	-
Capital allowances for year in excess of depreciation	642	-
Adjustments to tax charge in respect of prior periods	237	162
Other timing differences leading to an increase (decrease) in taxation	-	56
Deferred tax movement	(83)	(39)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(18)	-
Other tax adjustments, reliefs and transfers	(87)	-
Group relief	(671)	(1,694)
Total tax charge for the year	196	284

Factors that may affect future tax charges

Legislation has been enacted to reduce the main UK corporation tax rate from 19% to 17% effective from 1 April 2020. The deferred tax balances have been re-measured at these rates as appropriate.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

12. Intangible assets

	Customer relationships £000	Computer software £000	Goodwill £000	Total £000
Cost				
At 1 July 2019	10,354	934	3,980	15,268
Additions	-	647	-	647
Disposals	-	(9)	-	(9)
On acquisition of subsidiaries	5,548	-	1,452	7,000
At 30 June 2020	<u>15,902</u>	<u>1,572</u>	<u>5,432</u>	<u>22,906</u>
Amortisation				
At 1 July 2019	184	801	-	985
Charge for the year on owned assets	3,328	123	199	3,650
Amortisation transfer from group	-	142	-	142
On disposals	-	(8)	-	(8)
At 30 June 2020	<u>3,512</u>	<u>1,058</u>	<u>199</u>	<u>4,769</u>
Net book value				
At 30 June 2020	<u>12,390</u>	<u>514</u>	<u>5,233</u>	<u>18,137</u>
At 30 June 2019	<u>10,170</u>	<u>133</u>	<u>3,980</u>	<u>14,283</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 July 2019	6,509	18,814	232	2,494	3,617	31,666
Additions	796	566	-	461	714	2,537
Disposals	(376)	(2,496)	-	(139)	(52)	(3,063)
Transfers between classes	-	91	-	5	(96)	-
At 30 June 2020	<u>6,929</u>	<u>16,975</u>	<u>232</u>	<u>2,821</u>	<u>4,183</u>	<u>31,140</u>
Depreciation						
At 1 July 2019	6,206	13,182	232	2,099	3,359	26,078
Charge for the year on owned assets	117	1,508	-	143	294	2,062
Transfers intra group	293	-	-	242	607	1,142
Disposals	(342)	(1,265)	-	(108)	(52)	(1,767)
Transfers between classes	-	84	-	21	(105)	-
At 30 June 2020	<u>6,274</u>	<u>13,509</u>	<u>232</u>	<u>2,397</u>	<u>4,103</u>	<u>26,615</u>
Net book value						
At 30 June 2020	<u>655</u>	<u>3,466</u>	<u>-</u>	<u>424</u>	<u>80</u>	<u>4,625</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Tangible fixed assets (continued)

<i>At 30 June 2019</i>	<u>303</u>	<u>5,632</u>	<u>-</u>	<u>395</u>	<u>258</u>	<u>6,588</u>
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Finance leases

Included in the plant and machinery additions during the year is a Pitney Bowes Vantage Consolidator acquired for £0.5m under a finance lease arrangement.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2019	14,846
Additions	1,206
Disposals	(14,296)
At 30 June 2020	<u>1,756</u>

During the year £1.2m was invested in the shares of a subsidiary, Paragon Customer Communications (Luxembourg) Limited.

The company's investments in Paragon Customer Communications (Finsbury Circus) Limited was disposed as its trade and assets were hived over effective 31 May 2020.

Subsidiary undertaking

The followings were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Paragon Customer Communications (Luxembourg) Limited	Luxembourg	Ordinary	100%	Pre-press and pre-media services
D MSP Celerity Services SL	Spain	Ordinary	100%	Software development
Celerity IS Inc. US	USA	Ordinary	100%	Software development and licence distribution

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Fixed asset investments (continued)

Participating interests

Total investments in associates and joint venture amounted to less than £1,000 and the country of incorporation is England and Wales.

Associates

The following were associates of the Company:

Name	Registered office	Class of shares	Holding
European Direct Mail Specialists Services Limited	5 White Oak Square, Swanley, Kent BR8 7AG	Ordinary shares	50%
Response Handling Centre Limited	5 White Oak Square, Swanley, Kent BR8 7AG	Ordinary shares	34%

Joint Venture

The following was a joint venture of the Company with its registered address at Evolution House, Choats Road, Dagenham, Essex, RM9 6BF:

Name	Country of incorporation	Class of shares	Holding	Principal activity
dsi Billing Services Limited	England and Wales	Ordinary	50%	Billing and service providers

15. Stocks

	2020 £000	2019 £000
Raw materials and consumables	729	774
Work in progress (goods to be sold)	655	1,053
	1,384	1,827

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

16. Debtors

	2020 £000	2019 £000
Trade debtors	38,230	30,090
Amounts owed by group undertakings	36,844	23,870
Amounts owed by joint ventures and associated undertakings	231	1,305
Other debtors	1,507	295
Prepayments and accrued income	9,253	7,252
Deferred taxation	945	917
	<u>87,010</u>	<u>63,729</u>

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

17. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	68	104
	<u>68</u>	<u>104</u>

18. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	15,139	4,707
Amounts owed to group undertakings	5,741	8,394
Corporation tax	328	-
Other taxation and social security	9,681	2,093
Obligations under finance lease and hire purchase contracts	436	370
Other creditors	2,082	1,737
Accruals and deferred income	8,245	11,968
	<u>41,652</u>	<u>29,269</u>

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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

	2020	2019
	£000	£000
Net obligations under finance leases and hire purchase contracts	873	917
Amounts owed to group undertakings	29,768	30,330
Accruals and deferred income	527	579
	31,168	31,826

Amounts owed to group undertakings are unsecured and do not bear any interest.

20. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£000	£000
Not later than 1 year	467	364
Between 1-5 years	902	940
	1,369	1,304
Finance charges	(60)	(17)
Carrying amount of liability	1,309	1,287

21. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	917	1,603
Charged to profit or loss	(140)	(220)
Arising on business combinations	168	(466)
At end of year	945	917

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	945	917
	<u>945</u>	<u>917</u>

22. Provisions

	Provision on acquisition £000	Dilapidations £000	Total £000
At 1 July 2019	232	562	794
Charged to profit or loss	-	(215)	(215)
Utilised in year	(138)	-	(138)
At 30 June 2020	<u>94</u>	<u>347</u>	<u>441</u>

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

Provision on acquisition relates to the ongoing contractual commitments made pre administration for which Paragon Customer Communications (London) Limited are liable to fulfil these obligations.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

23. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
29,906 (2019 - 29,906) Ordinary shares of £1.00 each	30	30

24. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable to the schemes and amounted to £1,044,000 (30 June 2019 £441,000).

25. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	4,007	4,286
Later than 1 year and not later than 5 years	2,164	4,261
Later than 5 years	977	-
	<u>7,148</u>	<u>8,547</u>

The break clause in the lease contract agreements have been factored into the computation of lease commitments for the current period.

The company had no other off balance sheet arrangement.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

26. 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 all with other companies that are wholly owned by Paragon Customer Communications Limited.

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

Joint ventures and associates

	2020 £000	2019 £000
dsi Billing Services Limited		
Sales	3,383	3,169
Purchases	(6)	(3)
Management fees	61	61
Dividend received	240	100
	<u>3,678</u>	<u>3,327</u>
	2020 £000	2019 £000
European Direct Mailing Services Limited		
Sales	6	65
Management fees	-	-
	<u>-</u>	<u>-</u>
	2020 £000	2019 £000
Response Handling Centre Limited		
Management fees	-	5
	<u>-</u>	<u>5</u>
	2020 £000	2019 £000
The following balances were owed by/(owed to) the company at the year end:		
dsi Billing Services Limited	231	1,301
European Direct Mailing Services Limited	-	4
	<u>231</u>	<u>1,305</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

27. Ultimate parent undertaking and controlling party

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

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

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