Registered No. 03526640

PCC Global PLC (formally PCC Global Limited)

Report and Financial Statements

For the year ended 30 June 2021

Annual Report and Financial Statements 30 June 2021

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Annual Report and Financial Statements 30 June 2021

Officers and Professional Advisers

Directors
P J Crean
J S Farmer (Appointed 12 November 2020)
M S Gordon (Appointed 12 November 2020)
J Rogers (Appointed 12 November 2020)
L T Salmon
S A Shine (Appointed 12 November 2020)

Secretary
R J Cahill

Auditors
Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
30 Finsbury Square
London
EC2A 1AG

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CA-CIB
12 Place des Etats-Unis CS 70052
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Leicester
LE87 2BB
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EC3V 3ND
United Kingdom

Cabinet Lipworth
107 Rue de Courcelles
75017 Paris
France

Registered Office
Park House
16 – 18 Finsbury Circus
London, EC2M 7EB
United Kingdom

Strategic report

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

Principal activity and review of the business

The Company acts as an intermediate parent undertaking. It holds shares in and provides management services to various Group undertakings.

The profit for the year after taxation amounted to €442,000 (2020 – loss of €798,000). No dividend was paid during the year (2020 – €nil). COVID-19 had minimal impact on the Company and is discussed further in the Directors' Report below.

Future developments

On 8 July 2021 the company declared a dividend of €50,000,000 to Grenadier Holdings PLC. This was subsequently paid in full.

On 14 July 2021 the company re-registered from a Private company to a Public company.

On 30 July 2021 PCC Grenadier Limited, a wholly-owned subsidiary of Grenadier Holdings PLC acquired the entire issued share capital of the Company from Grenadier Holdings PLC.

On 30 July 2021, the Company raised €139 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028. On the same date, €141 million of loan notes listed by Grenadier Holdings PLC on the Luxembourg MTF market were assigned to the Company to settle an intercompany balance owed to Grenadier Holdings PLC.

On 20 December 2021, the Company raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

Principal risks and uncertainties

The main risks associated with the Company's financial assets and liabilities are set out below.

Interest rate risk

The Company has negotiated facilities with Group entities only, it has no external financing facilities. +All transactions are with Group companies. This risk is mitigated through regularly reviewing and monitoring of Group companies. The Company has no risk of exposure to external credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

At 30 June 2021 the Company has no liquidity risk as it is part of a Group that holds €141,000,000 of listed debt, with repayment due between 2023 and 2025.

Subsequent to the year end, on 30 July 2021, the Company raised €139,000,000 of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028.

Also subsequent to the year end, on 20 December 2021, the Company raised €41,000,000 of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the companies planning process.

Strategic Report

Foreign currency risk

The majority of the Company's transactions are with the Paragon Group and either are Sterling or Euro denominated. The foreign currency exposure arising from customers and suppliers is deemed low risk by the directors and is managed through a natural hedge. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

On behalf of the Board

P J Crean
Director

21 December 2021

Directors report

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

The financial statements are stated in Euro as this is the functional currency of the Company.

Results and dividends

The profit for the year after taxation amounted to €442,000 (2020 – loss of €798,000). No dividend was paid during the year (2020 – €nil).

Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2021 and 2022, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive actions already undertaken to protect profitability and conserve cash.

The Group's assessment considered four scenarios, being management's base case and another three scenarios using a set of severe but plausible downside assumptions to that base case. Overall the Group traded ahead of the base case for the first four months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

Based on the above, 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.

COVID-19

In relation to the Coronavirus (COVID-19) pandemic, the directors 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 work from home where possible. The company has maintained a sufficient level of trading activity during the crisis. At the date of signing the financial statements the directors do not consider there to be a threat to the overall business in the case of another Coronavirus-related closures and lockdowns, or the company (through the support of the overall Paragon Group) having access to sufficient working capital. The directors believe that appropriate strategies have been developed to ensure the company can continue to reduce and manage the impacts of the adverse developments which could otherwise affect the company's ability to continue trading.

Brexit

The UK's decision to leave the EU has had minimal impact on the Company and across the Group as a whole. Political and economic uncertainty has progressively faded and there has been no significant decline in the value of Sterling. Given the scale of Brexit, the Board continue to monitor whether any further volatility is likely to arise in the short to medium term.

Directors report

Directors

The directors who served the Company during the year and up to the date of signing these financial statements were as follows:

P J Crean
J S Farmer (Appointed 12 November 2020)
M S Gordon (Appointed 12 November 2020)
J Rogers (Appointed 12 November 2020)
L T Salmon
S A Shine (Appointed 12 November 2020)

Financial instrument risk

The Group has established a risk and financial management framework whose primary objective is to protect the Group from events that hinder the achievement of the Group's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business level.

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Events since the Statement of Financial Position date

On 14th July 2021 the company converted to a PLC status.

Political and charitable contributions

During the year, the Company did not make any political or charitable contributions (2020 – €nil).

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Directors report

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is 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, together with a description of the principal risks and uncertainties that it faces.

Auditors

Grant Thornton UK LLP was appointed as auditor for the period ended 30 June 2021.

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

On behalf of the Board

L T Salmon
Director

21 December 2021

Independent auditors' report

to the members of PCC Global PLC (formally PCC Global Limited)

Opinion

We have audited the financial statements of PCC Global PLC (formally PCC Global Limited) (the 'company') for the year ended 30 June 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to

Independent auditors' report

to the members of PCC Global PLC (formally PCC Global Limited)

continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

Opinions 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Independent auditors' report

to the members of PCC Global PLC (formally PCC Global Limited)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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 auditor's report.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks FRS101 and the Companies Act 2006).
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthroughs performed with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of

Independent auditors' report

to the members of PCC Global PLC (formally PCC Global Limited)

the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how the Board considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgments made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity.
- In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

Use of our report

This report is made solely to the company's members, as a body, 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 auditor's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

GT UK LLP

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

21 December 2021

Income statement

for the year ended 30 June 2021

	Note	*2021* *€'000*	*2020* *€'000*
Turnover	2	3,377	798
Administrative expenses		(3,667)	(741)
Operating (loss)/profit	3	**(290)**	**57**
Income from investment in subsidiaries	6	1,189	1
Interest receivable and similar income	6	750	66
Interest payable and similar expenses	7	(1,207)	(922)
Profit/(loss) before taxation		**442**	**(798)**
Tax on profit/(loss)	8	-	-
Profit/(loss) for the year		**442**	**(798)**

All of the above operations are continuing.

Statement of other comprehensive income

for the year ended 30 June 2021

There is no other comprehensive income other than the profit attributable to the shareholders of the company for the year of €442,000 (2020: loss €798,000)

The notes on pages 14 to 26 form part of these financial statements

Statement of financial position

As at 30 June 2021

	Notes	2021 €000	2020 €000
Fixed assets			
Shares in Group undertakings	9	394,441	301,389
		394,441	301,389
Current assets			
Trade and other receivables	10	62,686	143,429
Cash and cash equivalents	10	1,060	6
		63,746	143,435
Creditors – amounts falling due within one year	11	3,947	781
Net current assets		59,799	142,654
Total assets less current liabilities		454,240	444,043
Creditors: amounts falling due after more than one year	12	138,229	128,474
Net assets		316,011	315,569
Capital and reserves			
Share capital	13	240,408	315,408
Share premium	14	142	142
Retranslation reserve	14	(3)	(3)
Retained earnings	14	75,464	22
Total equity		316,011	315,569

The notes on pages 14 to 26 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 21 December 2021 and were signed on the Board's behalf by:

P J Crean
Director

L T Salmon
Director

Statement of changes in equity

for the year ended 30 June 2021

	Share capital €'000	Share premium €'000	Retranslation Reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 30 June 2019	315,408	142	(3)	820	316,367
Loss for the year	-	-	-	(798)	(798)
Balance at 30 June 2020	315,408	142	(3)	22	315,569

	Share capital €'000	Share premium €'000	Retranslation Reserve €'000	Retained earnings €'000	Total equity €'000
Balance as at 30 June 2020	315,408	142	(3)	22	315,569
Reduction in share capital	(75,000)	-	-	75,000	-
Profit for the year	-	-	-	442	442
Balance at 30 June 2021	240,408	142	(3)	75,464	316,011

The notes on pages 14 to 26 form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

1. Accounting policies

Basis of preparation

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of the Company's registered office is shown on page 1.

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements for this financial year are presented in Euro and all values are rounded to the nearest thousand (€000) except where otherwise indicated. The comparative financial information is also presented to the nearest thousand (€000) except where otherwise indicated. These financial statements present the performance and position of the individual entity. The results of the Company are included in the consolidated financial statements of Paragon Group Limited, which are available from its registered office, Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB. The principal accounting policies adopted by the Company have been consistently applied and are set out below.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group;
- the requirements of paragraphs 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has no employees other than the directors. No directors received any remuneration for their services to the company. The cost of the audit and the directors remunerations are borne by other group companies.

The Company does not prepare Group financial statements as it is exempt from the requirement to do so under section 400 of the Companies Act 2006.

Notes to the financial statements (continued)

At 30 June 2021

1. Accounting policies (continued)

Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for 2021 and 2022, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive actions already undertaken to protect profitability and conserve cash.

The Group's assessment considered four scenarios, being management's base case and another three scenarios using a set of severe but plausible downside assumptions to that base case. Overall the Group traded ahead of the base case for the first four months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

Based on the above, 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.

Investments

Investments are stated at cost less provision for diminution in value. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell).

An investment is derecognised upon disposal or when no future economic benefits are expected to arise. Any gain or loss arising on the derecognition of the investment is included in the income statement in the period of derecognition.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more others ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements joint ventures are accounted for using the gross equity method.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a Group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimate.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value and subsequently stated at amortised cost.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Allowances are recognised in the Income Statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Notes to the financial statements (continued)

At 30 June 2021

1. Accounting policies (continued)

Trade creditors

Trade creditors are not interest bearing and are stated at their nominal value. They are recognised at fair value and then held at amortised cost.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Tax

The tax expense in the Income Statement comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated on an undiscounted basis.

Foreign currencies

Transactions in foreign currencies other than Euro are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into Euro at the exchange rate ruling at that date.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated each period end.

Notes to the financial statements (continued)

At 30 June 2021

1. Accounting policies (continued)

The Company financial statements are prepared in Euro as the majority of the Company's transactions are denominated in Euro.

Revenue recognition

Revenue is comprised of management fee income resulting from the recharge of expenses to entities across the PCC division.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Intercompany balances

The directors have reviewed the recoverability of the remaining intercompany balances and no further impairment is required.

Forecasts and discount rates

The carrying values of investments on the Statement of Financial Position are dependent on estimates of future cash flows arising from Group operations which, in some circumstances, are discounted to arrive at a net present value.

Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

Deferred tax assets

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets to the extent that it is probable that sufficient taxable profits will be available in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements (continued)

At 30 June 2021

2. Turnover

Revenue disclosed in the income statement is analysed as follows:

	2021	2020
	€000	€000
Sales revenue		
Provision of management services	3,377	798
Total sales revenue	3,377	798
Sales revenue by region:		
United Kingdom	1,757	409
France	566	109
Germany	443	87
Other European Union States	611	193
Total sales revenue	3,377	798

3. Operating (loss)/profit before taxation

This is stated after charging:

	2021	2020
	€000	€000
Foreign exchange gain/(loss) gain	17	(8)
Staff costs (Note 4)	3,178	714

The annual audit fee is borne by other group companies.

4. Staff costs

The average monthly number of employees including directors was:

	2021	2020
	No.	No.
Sales	2	2
Administrative	10	10
	12	12

Their aggregate remuneration comprised:

	2021	2020
	€000	€000
Wages and salaries	2,852	647
Social security costs	249	49
Other pension costs	77	18
	3,178	714

Notes to the financial statements (continued)

At 30 June 2021

5. Directors' remuneration and transactions

The remuneration of those directors employed directly by the Company, analysed under the headings required by company law is set out below:

Director's remuneration

	2021 €'000	2020 €'000
Emoluments	604	-
Money purchase pension contributions	3	-
	607	-
The amounts in respect of the highest paid director are as follows:		
Emoluments	417	-
Company contributions paid to money purchase pension schemes in respect of highest paid director	-	-

	No	No
No of directors who:		
Are members of money purchase pension schemes.	1	-
Exercised options on shares in the ultimate parent company	-	-

No directors were members of defined benefit pension schemes in the current or previous years.

In prior year, the directors are employed by other group companies and renumerated by those companies.

6. Interest receivable and similar income

	2021 €000	2020 €000
Interest receivable from group companies	750	66
Total interest receivable	750	66
Dividends received from subsidiary companies	1,189	1
	1,939	67

Notes to the financial statements (continued)

At 30 June 2021

7. Interest payable and similar expenses

	2021	*2020*
	€000	*€000*
Interest payable to group companies	1,207	922

8. Income tax

Income tax on the profit/(loss) as shown in the Income Statement is as follows

	2021	*2020*
	€000	*€000*
Current tax		
Current period	-	-
In respect of prior periods	-	-
Total current tax	-	-
Deferred tax current period	-	-
In respect of prior periods	-	-
Effect of change in rates	-	-
Total deferred tax	-	-
Total income tax	-	-

The credit can be reconciled to the loss before tax as shown in the Income Statement as follows:

	2021	*2020*
	€000	*€000*
Profit/(loss) before tax	442	(798)
Tax calculated at a rate of 19% (2020 – 19%)	84	(152)
Non-taxable dividend income	(226)	-
Chargeable gains	3	-
Group relief not at the standard rate	139	152
Total income tax credit	-	-

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

Notes to the financial statements (continued)

At 30 June 2021

9. Shares in Group undertakings

Details of the investments in which the Company holds at least 5% of the nominal value of any class of share capital are as follows:

Subsidiary undertakings

PCC: Paragon Customer Communications

Name of Company	Country of incorporation	Holding	Proportion of voting rights	Nature of business
Paragon Romania SRL	Romania	Ordinary	99.9%	(1) PCC
Paragon Transaction (U.K.) Limited	England	Ordinary	100%	(1) PCC
Paragon Transaction SA	England	Ordinary	99.99%	(11) PCC
Paragon Customer Communications Limited	England	Ordinary	100%	Parent undertaking
Paragon Customer Communications (Bristol) Limited	England	Ordinary	100%	(4) PCC
Lateral Holdings (UK) Limited	England	Ordinary	100%	(4) Parent undertaking
Dsicmm Group Limited	England	Ordinary	100%	(4) Parent undertaking
Lateral Group Limited	England	Ordinary	100%	(5) Parent undertaking
Paragon Customer Communications (London) Limited	England	Ordinary	100%	(7) Parent undertaking & PCC
Paragon Customer Communications (Nottingham) Limited	England	Ordinary	100%	(6) PCC
D'Haussy Solutions SAS	France	Ordinary	100%	(1) PCC
PCC SP z.o.o	Poland	Ordinary	100%	PCC
PCC Poland SP z.o.o	Poland	Ordinary	100%	(13) PCCI
PCC Italy S.r.l	Italy	Ordinary	100%	(13) PCCI
PCC International Germany GmbH	Germany	Ordinary	100%	(11) PCC
PCC Spain S.L.	Spain	Ordinary	100%	(11) PCC
Meiller GHP AB	Sweden	Ordinary	100%	PCC
Paragon Editique SAS	France	Ordinary	100%	(1) PCC
SCI de L'Erigny	France	Ordinary	99%	(9) Property holding
Paragon Customer Communications (Redruth) Limited	England	Ordinary	100%	(4) PCC
Paragon Brand France Limited	England	Ordinary	100%	Parent undertaking
Paragon Brand Germany Limited	England	Ordinary	100%	Parent undertaking
PCC Luxembourg	Luxembourg	Ordinary	100%	(8) PCC
Paperhat India Pvt Limited	India	Ordinary	99%	(8) PCC
Celerity Information Services Inc.	USA	Ordinary	100%	(8) PCC
Despark UK Limited	England	Ordinary	100%	(4) Dormant

Notes to the financial statements (continued)

At 30 June 2021

9. Shares in Group undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights	Nature of business
Merico Delta Print SAS	France	Ordinary	100%	(1) PCC
Arcania SAS	France	Ordinary	100%	(1) PCC
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%	(11) PCC
PCC Netherlands Holdings BV	Netherlands	Ordinary	100%	Parent Undertaking
Paragon Customer Communications International Limited	England	Ordinary	100%	(4) PCC
Paragon MeillerGHP Holdings GmbH	Germany	Ordinary	100%	Parent Undertaking
Paragon Communicatie Services BV	Netherlands	Ordinary	100%	(11) PCC
PCC International France SAS	France	Ordinary	100%	(16) PCC
Merico Delta Print SAS	France	Ordinary	100%	(1) PCC
C.B. Info SAS	France	Ordinary	100%	(1) PCC
Despark Bulgaria EAD		Ordinary	100%	(4) PCC
Devonshire Appointments Ltd	England	Ordinary	100%	(4) PCC
Print Trade Suppliers Limited	England	Ordinary	100%	(4) PCC
Global Document Systems Limited	England	Ordinary	100%	(4) PCC
PCC Ireland Limited	Ireland	Ordinary	100%	(4) PCC
Critical Mail Continuity Services Limited	England	Ordinary	100%	(4) PCC
PCC GDS Limited	England	Ordinary	100%	(4) PCC
Gresset Services SAS	France	Ordinary	100%	(11) PCC
PCC Cz AS	Czech	Ordinary	100%	(12) PCC
PCC Pilsen s.r.o.	Czech	Ordinary	100%	(2) Property Holding
Paragon Customer Communications Weingarten GmbH	Germany	Ordinary	100%	(12) PCC
Paragon Customer Communications GmbH	Germany	Ordinary	100%	(12) PCC
PCC Nederland BV	Netherlands	Ordinary	100%	(11) PCC
Rault Eppe SAS	France	Ordinary	100%	(11) PCC
Paragon Customer Communications Schwandorf GmbH	Germany	Ordinary	100%	(12) PCC

Notes to the financial statements (continued)

At 30 June 2021

9. Shares in Group undertakings (continued)

Paragon Customer Communications (Finsbury Circus) Limited	England	Ordinary	100%	(4) Dormant
D&MSP Celerity Services SL	Spain	Ordinary	48%	(8) Dormant
D'Haussy Solutions International SAS	France	Ordinary	100%	(1) Dormant
D'Haussy GmbH	Germany	Ordinary	100%	(15) Dormant
Innovative Output Solutions (Manchester) Limited	England	Ordinary	100%	(7) Dormant
Joint ventures				
DSI Billing Services Limited	England	Ordinary	50%	(8) PCC
Associates				
Response Handling Centre Limited	England	Ordinary	34%	(8) PCC
European Direct Mail Specialists Limited	England	Ordinary	50%	(8) PCC
Output a.g.	Germany	Ordinary	6%	(14) PCC

The financial statements of the above entities can be obtained from the Company's registered office.

Lower Ground Floor
Park House
16/18 Finsbury Circus
London
EC2M 7EB

(1) Held via Paragon Transaction SA
(2) Held via PCC Cz AS
(3) Held via Despark UK Limited
(4) Held via Paragon Customer Communications Limited
(5) Held via Lateral Holdings (UK) Limited
(6) Held via Lateral Group Limited
(7) Held via dsicmm Group Limited
(8) Held via Paragon Customer Communications (London) Limited
(9) Held via Paragon Editique SAS
(10) Held via Innovative Output Solutions (Manchester) Limited
(11) Held via PCC Netherlands Holdings BV
(12) Held via Paragon MeillerGHP Holdings GmbH
(13) Held via Paragon Customer Communications International Limited
(14) Held via Paragon Customer Communications GmbH
(15) Held via D'Haussy Solutions International SAS
(16) Held via Arcania SAS

Notes to the financial statements (continued)

At 30 June 2021

9. Shares in Group undertakings (continued)

Investments in Subsidiaries	*2021*	*2020*
	€000	*€000*
Cost:		
At 1 July	301,389	324,389
Additions	93,052	103,000
Disposals	-	(123,000)
At 30 June	394,441	301,389

Additions and disposals

During the year the Company increased its investment in Paragon Customer Communications Ltd by €23,052,000, and made a capital contribution to PCC Holdings Netherlands B.V. of €70,000,000 by off-setting the same amount of inter-company debt to its subsidiary.

10. Other financial assets

Trade and other receivables	*2021*	*2020*
	€000	*€000*
Amounts owed by group undertakings	58,972	143,424
Other Taxes	491	-
Prepayments and accrued income	3,223	5
	62,686	143,429

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The amounts due from group undertakings are unsecured and are subject to the group's standard terms of trade of 30 days.

Cash and cash equivalents	*2021*	*2020*
	€000	*€000*
Cash and cash equivalents	1,060	6

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value.

Notes to the financial statements (continued)

At 30 June 2021

11. Creditors: amounts falling due within one year

	2021 €000	2020 €000
Trade creditors	910	3
Amounts owed to group undertakings	961	444
Other taxes and social security	0	39
Accruals	2,076	295
	3,947	781

The directors consider that the carrying amount of trade and other payables approximates their fair value.

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

	2021 €000	2020 €000
Amounts owed to Group undertaking	138,229	128,474
	138,229	128,474

The directors consider that the carrying amount of trade and other payables approximates their fair value.

13. Issued share capital

		2021		2020
Allotted, called up and fully paid	*No.*	*€'000*	*No.*	*€'000*
Ordinary shares of €1 each	240,408,210	240,408	315,408,210	315,408

14. Reserves

Share Capital

On 18th June 2021 the company reduced its share capital by €75,000,000 using the solvency statement procedure referred to in section 641 (1) (a) of the Companies Act 2006.

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Retranslation reserve

The retranslation reserve arose on the change from Sterling to Euro as the functional currency in 2019.

Retained earnings

This reserve records the cumulative amount of profits and losses less any dividend distributions made.

15. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Grenadier Holdings plc. The ultimate parent undertaking is Paragon Group Limited which has included the company in its Group financial statements, a copy of which are available from its registered office at Lower Ground Floor, Park House, 16/18 Finsbury Circus, London EC2M 7EB.

Notes to the financial statements (continued)

At 30 June 2021

16. Events since the balance sheet date

On 8 July 2021 the company declared a dividend of €50,000,000 to Grenadier Holdings PLC. This was subsequently paid in full.

On 14 July 2021 the company re-registered from a Private company to a Public company.

On 30 July 2021 PCC Grenadier Limited, a wholly-owned subsidiary of Grenadier Holdings PLC acquired the entire issued share capital of the Company from Grenadier Holdings PLC.

On 30 July 2021, the Company raised €139 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028. On the same date, €141 million of loan notes listed by Grenadier Holdings PLC on the Luxembourg MTF market were assigned to the Company to settle an intercompany balance owed to Grenadier Holdings PLC.

On 20 December 2021, the Company raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

17. Contingent liabilities

In the directors' opinion there are no contingent liabilities.

18. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 101 with reference to IAS 24 'Related party disclosures' not to disclose transactions with other wholly owned subsidiaries within the group.