



DX Services Limited

Directors report and financial statements
for the period ended 1 July 2023

Company number 05146074

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DX Services Limited

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DX Services Limited

Company information

Directors

David Mulligan
Mark Hammond

Registered office

DX1 Ditton Park

Ditton Park
Riding Court Road
Datchet
Slough
SL3 9GL

Registered number

05146074

DX Services Limited

Directors' report

The directors present their report and the unaudited financial statements for the period ended 1 July 2023.

Activities

The Company's principal activity is that of a holding company.

Results and dividends

The Company acts as a holding company within the DX Group (the group of companies headed by DX (Group) plc).

The profit for the financial year after taxation was £14.3 million (2022: Loss £0.5 million), after £15 million (2022: £nil) dividends received.

The Company paid a dividend during the year of £14.8 million (2022: £Nil).

The principal risk that the Company is exposed to is impairment of the value of its investments and related balances. An impairment review has been undertaken as at 1 July 2023. No changes have been made to the carrying value of the Company's investments as a result.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

Share capital

Details of the Company's share capital are shown in note 9 to the financial statements.

Directors

The directors at the end of the financial year were as follows:

David Mulligan
Mark Hammond

Ron Series resigned as director on 15 November 2022. Mark Hammond was appointed as director on 26 January 2023.

Audit exemption

For the period ended 1 July 2023 the Company is exempt from audit under section 479A of the Companies Act 2006 relating to subsidiary entities.

Directors' report

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the Company and of the 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company is exempt from the requirements to prepare a strategic report in accordance with s414B of the Companies Act 2006.

Directors' and officers' insurance and indemnities

The Company maintains appropriate directors' and officers' liability insurance for the benefit of the directors.

Approved by the board of directors on 23 October 2023 and signed on its behalf by:



David Mulligan
Director

Registered in England and Wales No. 05146074

DX Services Limited

Profit and loss account and other comprehensive income for the period ended 1 July 2023

	Notes	2023 £m	2022 £m
Interest receivable and similar income	3	15.0	-
Interest payable and similar expenses	3	(0.9)	(0.6)
Profit/(Loss) before tax		14.1	(0.6)
Tax	4	0.2	0.1
Profit/(Loss) for the year		14.3	(0.5)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		14.3	(0.5)

All results are derived from continuing operations.

Statement of changes in equity for the period ended 1 July 2023

	Share capital £m	Profit and loss account £m	Total £m
At 3 July 2021	4.2	0.9	5.1
Loss for the year	-	(0.5)	(0.5)
Dividends paid	-	-	-
At 2 July 2022	4.2	0.4	4.6
Profit for the year	-	14.3	14.3
Dividends paid	-	(14.8)	(14.8)
At 1 July 2023	4.2	(0.1)	4.1

The notes on pages 6 to 11 form part of these financial statements.

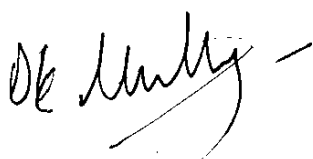
DX Services Limited

Balance sheet as at 1 July 2023

	Notes	2023 £m	2022 £m
Non-current assets:			
Investments	5	30.0	30.0
		30.0	30.0
Current assets:			
Debtors	6	1.6	0.2
Creditors: amounts falling due within one year	7	(0.6)	(17.0)
Net current assets/liabilities		1.0	(16.8)
Total assets less current liabilities		31.0	13.2
Creditors: amounts falling due after more than one year	8	(26.9)	(8.6)
Net assets		4.1	4.6
Capital and reserves:			
Share capital	9	4.2	4.2
Capital redemption reserve		-	-
Profit and loss account		(0.1)	0.4
Shareholder's funds		4.1	4.6

For the period ended 1 July 2023 the directors confirm that the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of DX Services Limited, registered number 05146074, were approved and authorised for issue by the board of directors on 23 October 2023 and signed on its behalf by:



David Mulligan
Director

The notes on pages 6 to 11 form part of these financial statements.

DX Services Limited

Notes to the financial statements for the period ended 1 July 2023

1 Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

Basis of accounting

DX Services Limited (the "Company") is a company incorporated and domiciled in England and Wales.

The company reports on a '4-5-4 weekly' basis which reflects its cost base and operations. These financial statements were prepared for the period 3 July 2022 to 1 July 2023. Future years will be for either 52 weeks or occasionally 53 weeks in order to keep the year-end date as close as possible to 30 June. The Company has opted to apply Section 390 (3) of the Companies Act 2006. This permits the Company to end its financial year on 1 July 2023 (2022: 2 July 2022) as it is not more than 7 days after or before the end of the year dated 30 June 2023 (2022: 30 June 2022).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements in accordance with international accounting standards ("IASs") in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The Company's ultimate parent undertaking, DX (Group) plc, includes the Company in its consolidated financial statements. The consolidated financial statements of DX (Group) plc are prepared in accordance with U.K. adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from Ditton Park, Riding Court Road, Datchet, Slough, SL3 9GL.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with parent and wholly owned subsidiary undertakings;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement, and the disclosures required by IFRS 7 Financial Instrument Disclosures.

**Notes to the financial statements
for the period ended 1 July 2023**

1 Significant accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis.

The financial information is presented in sterling and, unless otherwise stated, has been rounded to the nearest £0.1 million (£m).

Judgements and estimates

The preparation of financial information in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual amounts ultimately may differ from those estimates. The area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial information is considered to relate to the carrying value of the company's investments.

The Company determines whether investments are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which investments are allocated. The investments have been allocated to the cash-generating unit which is the DX Group as a whole, as they relate to intra-Group investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investments at 1 July 2023 and 2 July 2022 were £30.0 million. More details of the assumptions used in estimating the value in use of the cash-generating unit to which investments are allocated are provided in note 5.

Going concern

Going concern is considered on a group basis. Following a review of cash flow forecasts, the Directors are confident that the DX Group is able to meet its obligations as they fall due, thus the going concern basis of preparation remains appropriate.

Investments

Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the profit and loss account when the asset's carrying value exceeds its recoverable amount. Its recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, loans and borrowings, and trade and other creditors.

(a) Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

DX Services Limited

Notes to the financial statements for the period ended 1 July 2023

1 Significant accounting policies (continued)

(b) Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(c) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairment of financial assets (including trade and other debtors)

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, where provision calculations are based on historic credit losses. This approach is applied unless there are specific circumstances indicating the necessity for a specific provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that a specific provision is required.

Taxation

Tax on the profit or loss for the year is recognised in the profit and loss account. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2 Operating costs

No amounts for Directors' remuneration were paid by the Company. £2.2 million (2022: £1.1 million) remuneration was paid to the directors by the ultimate parent company for qualifying services to the group as a whole. The highest paid director received total remuneration of £0.8 million (2022: £0.4 million).

The Company had no employees in the current or previous year.

3 Interest

	2023 £m	2022 £m
Interest receivable and similar income:		
Dividends received	15.0	-
Total interest receivable and similar income	15.0	-
Interest payable and similar expenses:		
Group interest payable	(0.9)	(0.6)
Total interest payable and similar expenses	(0.9)	(0.6)

DX Services Limited

Notes to the financial statements for the period ended 1 July 2023

4 Tax

(a) Analysis of credit/(charge) in year

	2023 £m	2022 £m
Current tax:		
United Kingdom corporation tax:		
Group relief receivable from group undertakings	0.2	0.1
Tax credit/(charge)	0.2	0.1

(b) Factors affecting the tax credit/(charge) for year

The tax assessed for the year differs from the amount that would arise using the weighted average rate of corporation tax in the UK. The differences are explained below:

	2023 £m	2022 £m
Profit/(loss) before tax	14.1	(0.6)
Profit/(loss) before tax at the standard rate of UK corporation tax of 20.5% (2022: 19.0%)	(2.9)	0.1
Factors affecting credit for year:		
Group dividends received deductible for tax purposes	3.1	-
Tax credit/(charge)	0.2	0.1

(c) Factors that may affect future tax charges

Changes to UK Corporation tax rates were enacted as part of The Finance (No.2) Act 2021 which received Royal Assent on 10 June 2021. The main rate has increased to 25% from 1 April 2023.

No deferred tax asset has been recognised at 1 July 2023 (2022: £nil). The unrecognised deferred tax assets at 1 July 2023 amount to £nil (2022: £nil), consisting of unused tax losses.

DX Services Limited

Notes to the financial statements for the period ended 1 July 2023

5 Investments

	Shares in group companies £m	Total £m
Cost:		
At 2 July 2022	34.7	34.7
At 1 July 2023	34.7	34.7
Impairment:		
At 2 July 2022	4.7	4.7
At 1 July 2023	4.7	4.7
Net book value:		
At 1 July 2023	30.0	30.0
At 2 July 2022	30.0	30.0

The carrying value of £30.0 million (2022: £30.0 million) of investments has been reviewed with reference to its value in use based on future cash flow projections. The cash flow projections are based on the budget of DX (Group) plc approved by the Board for the forthcoming financial year and subsequent two years. Following the review, no impairment charge was required (2022: £nil). There is substantial headroom in the values used in these calculations.

At 1 July 2023 DX Services Limited owned, directly or indirectly, 100% of each class of issued shares of the following companies:

	<u>Principal activity</u>
Directly owned:	
DX Network Services Limited	Mail services
Indirectly owned:	
DX Network Services Ireland Limited	Mail services

DX Network Services Limited is registered and operates in England and Wales, whilst DX Network Services Ireland Limited which is registered and operates in the Republic of Ireland.

The registered office of DX Network Services Limited is the same as that of the Company, whilst DX Network Services Ireland Limited has a registered office of Unit 6B, Northern Cross Business Park, Finglas, Dublin 11.

DX Services Limited

Notes to the financial statements for the period ended 1 July 2023

6 Debtors

	2023 £m	2022 £m
Group relief receivable from group companies	0.2	0.2
Other amounts due from group companies	1.4	-
	1.6	0.2

Amounts due from group companies are unsecured, interest free and repayable on demand.

7 Creditors: amounts falling due within one year

	2023 £m	2022 £m
Amounts owed to group companies	0.6	17.0
	0.6	17.0

Amounts owed to group companies are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due after more than one year

	2023 £m	2022 £m
Loans from group companies	26.9	8.6
	26.9	8.6

Loans from group companies bear interest at the interest rate payable by the group on its bank borrowings and are repayable no earlier than 30 June 2024.

9 Share capital

Allotted, called up and fully paid:

	No (000)	2023 £m	No (000)	2022 £m
Ordinary shares of 5p each	84,231	4.2	84,231	4.2

The Company has one class of ordinary shares which carry no right to fixed income.

10 Parent undertaking and controlling party

The Company's parent undertaking, ultimate parent undertaking and controlling party at 1 July 2023 was DX (Group) plc, a company incorporated in England and Wales whose registered office is at Ditton Park, Riding Court Road, Datchet, Slough, SL3 9GL.

DX (Group) plc is also both the smallest and the largest group into which the Company's results are consolidated. Copies of the annual report and financial statements of DX (Group) plc may be obtained from the registered office.