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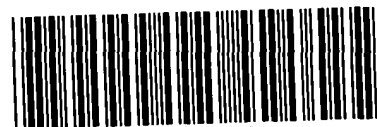
**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P J Crean L T Salmon J E C Walters
<b>Company secretary</b>	R J Cahill
<b>Registered number</b>	05520917
<b>Registered office</b>	Lower Ground Floor Park House 16/18 Finsbury Circus London EC2M 7EB
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 30 Finsbury Square London EC2A 1AG
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HV

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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## **PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020**

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#### **Principal activities**

The principal activity of the company continued to be that of supply of print management services.

#### **Business review**

The results for the company for the year ended 30 June 2020 show an operating profit of £3.9 million (30 June 2019 - £2.2 million) and turnover of £38.9 million (30 June 2019 - £30.9 million). The directors have proposed and paid £14.3m dividend in the year (30 June 2019 - £Nil). The net liabilities position at the end of the period is £0.02 million as the assets and operations of the company have been transferred to its immediate parent company, Paragon Customer Communications (London) Limited (30 June 2019 - £3.7 million net assets).

The hive out of the assets and operations of the company to its immediate parent company was completed on 30 June 2020.

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.

#### **Key performance indicators**

Paragon Customer Communications (Finsbury Circus) Limited is managed by the directors in accordance with the strategies of its parent company, Paragon Customer Communications Limited (the "group"). For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate to understand the development, performance or position of the business. These strategies and key performance indicators are discussed in the group strategic report of the company's parent which does not form part of this report.

#### **Strategy and future developments**

The company will remain dormant for the foreseeable future period as its assets and operations have been transferred to its immediate parent company, Paragon Customer Communications (London) Limited.

#### **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.

#### **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.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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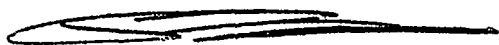
**Coronavirus risk**

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.

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



**J E C Walters**  
Director

Date: 2 February 2021

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## PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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

#### 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.

#### 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 arrangements which minimizes credit risk issue.

#### 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.

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## PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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#### Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of Paragon Customer Communications (Finsbury Circus) 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 (Finsbury Circus) 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £10.6million (2019 - £2.2 million).

Dividends are disclosed in the strategic report.

#### Directors

The directors who served during the year were:

P J Crean  
L T Salmon  
J E C Walters

#### 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.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

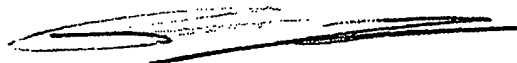
To the best of our knowledge:

- 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.

**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



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## **PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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#### **Opinion**

We have audited the financial statements of Paragon Customer Communications (Finsbury Circus) 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **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

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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- 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.

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## **PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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#### **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 4, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

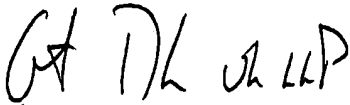
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS  
(FINSBURY CIRCUS) LIMITED (CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



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

4 February 2021

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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	Note	2020 £000	2019 £000
Turnover	4	38,867	30,910
Cost of sales		(33,596)	(25,862)
<b>Gross profit</b>		<b>5,271</b>	<b>5,048</b>
Distribution costs		(11)	(2)
Administrative expenses		(1,347)	(2,828)
<b>Operating profit</b>	5	<b>3,913</b>	<b>2,218</b>
Intercompany balances written off		6,668	-
<b>Profit before tax</b>		<b>10,581</b>	<b>2,218</b>
Tax on profit	8	(18)	(25)
<b>Profit for the financial year</b>		<b>10,563</b>	<b>2,193</b>

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 14 to 26 form part of these financial statements.

**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**  
**REGISTERED NUMBER: 05520917**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	10	-	19
Tangible assets	11	-	47
		<u>-</u>	<u>66</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	18	11,728
Cash at bank and in hand	13	-	112
		<u>18</u>	<u>11,840</u>
Creditors: amounts falling due within one year	14	-	(8,191)
		<u>-</u>	<u>-</u>
<b>Net current assets</b>		<u>18</u>	<u>3,649</u>
<b>Total assets less current liabilities</b>		<u>18</u>	<u>3,715</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	(18)	-
		<u>(18)</u>	<u>-</u>
<b>Net assets</b>		<u>-</u>	<u>3,715</u>
<b>Capital and reserves</b>			
Capital contribution		-	1,060
Profit and loss account		-	2,655
		<u>-</u>	<u>3,715</u>

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 14 to 26 form part of these financial statements.

**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

	Called up share capital £000	Capital contribution £000	Profit and loss account £000	Total equity £000
At 1 July 2019	-	1,060	2,655	3,715
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,563	10,563
Other movement	-	(1,060)	1,060	-
<b>Other comprehensive income for the year</b>	-	(1,060)	1,060	-
<b>Total comprehensive income for the year</b>	-	(1,060)	11,623	10,563
Dividends: Equity capital	-	-	(14,278)	(14,278)
<b>Total transactions with owners</b>	-	-	(14,278)	(14,278)
<b>At 30 June 2020</b>	-	-	-	-

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

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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	<b>Called up share capital</b>	<b>Capital contribution</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 01 July 2018	-	1,060	462	1,522
<b>Comprehensive income for the year</b>				
Profit for the period	-	-	2,193	2,193
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	-	-	2,193	2,193
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2019</b>	-	1,060	2,655	3,715
	<hr/>	<hr/>	<hr/>	<hr/>

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



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## PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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#### 1. General information

Paragon Customer Communications (Finsbury Circus) Limited is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information 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.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**2. Accounting policies (continued)**

**2.3 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.

**2.4 Turnover**

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts.

**Services**

Turnover is recognised on delivery of digital media and associated products, as well as delivery services.

Development, data processing and consulting services are provided on a time and materials basis and are recognised as the services are provided. Turnover provided under a fixed price contract is recognised on a percentage completion basis.

**2.5 Intangible assets**

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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation on purchased software is provided at a rate of between 20% and 33.3% per annum.

**2.6 Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets (continued)**

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.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
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.

**2.7 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.

**2.8 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.

**2.9 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.

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**2. Accounting policies (continued)**

**2.10 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'.

**2.11 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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## PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.12 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.

##### 2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.14 Reserves

The company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Capital contribution reserve represents funds injected from the parent company through balances due which have been waived.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**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 there are indicators of impairment of the company's 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 fixed assets

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 control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

**4. Turnover**

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

	2020 £000	2019 £000
Services	38,867	30,910
	<u>38,867</u>	<u>30,910</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	33,511	29,609
Rest of Europe	5,006	813
Rest of the world	350	488
	<u>38,867</u>	<u>30,910</u>

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**5. Operating profit**

The operating profit is stated after charging:

	2020 £000	2019 £000
Exchange differences	(65)	(19)
Fees payable to the company's auditor for the audit of annual financial statements of the company	12	25
Depreciation of owned fixed assets	21	20
Amortisation of intangible assets	8	7
Gain on assets disposal	(6,668)	-
Other operating lease rentals	106	60
	<u>106</u>	<u>60</u>

**6. Employees**

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,543	1,703
Social security costs	170	184
Cost of defined contribution scheme	41	42
	<u>1,754</u>	<u>1,929</u>

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

	2020 No.	2019 No.
Sales	17	27
Administration and management	11	6
	<u>28</u>	<u>33</u>

**7. Directors' remuneration**

The directors were remunerated through other 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.

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PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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8. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	31
	<u>-</u>	<u>31</u>
<b>Total current tax</b>	<u>-</u>	<u>31</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	20	3
Changes to tax rates	(2)	-
Adjustment in respect of prior year	-	(9)
<b>Total deferred tax</b>	<u>18</u>	<u>(6)</u>
<b>Taxation on profit on ordinary activities</b>	<u>18</u>	<u>25</u>



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PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower 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	10,581	2,218
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,010	421
Effects of:		
Expenses not deductible for tax purposes	25	8
Capital allowances for year in excess of depreciation	6	-
Adjustments in respect of prior periods	-	21
Non-taxable income	(1,269)	-
Other tax adjustments, reliefs and transfers	14	-
Remeasurement of deferred tax for changes in tax rates	(2)	-
Group relief	(766)	(425)
Total tax charge for the year	18	25

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.

9. Dividends

	2020 £000	2019 £000
Equity dividend paid per ordinary share	14,278	-
	14,278	-

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PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED

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

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10. Intangible assets

	Computer software £000
At 1 July 2019	49
Intra-group transfers	(49)
At 30 June 2020	-
At 1 July 2019	30
Charge for the year on owned assets	8
Amortisation transfer - intra group	(38)
At 30 June 2020	-
<b>Net book value</b>	
At 30 June 2020	-
At 30 June 2019	19

**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

**11. Tangible fixed assets**

	Short-term leasehold property £000	Computer equipment £000	Total £000
At 1 July 2019	49	44	93
Transfers intra group	(49)	(44)	(93)
At 30 June 2020	-	-	-
At 1 July 2019	10	36	46
Charge for the year on owned assets	15	6	21
Transfers intra group	(25)	(42)	(67)
At 30 June 2020	-	-	-
<b>Net book value</b>			
At 30 June 2020	-	-	-
At 30 June 2019	39	8	47

**12. Debtors**

	2020 £000	2019 £000
Trade debtors	-	9,027
Amounts owed by group undertakings	18	2,336
Prepayments and accrued income	-	346
Deferred taxation	-	19
	<u>18</u>	<u>11,728</u>

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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

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**13. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	-	112
	<u>-</u>	<u>112</u>

**14. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	-	2,126
Amounts owed to group undertakings	-	3,545
Corporation tax	-	187
Other taxation and social security	-	854
Other creditors	-	127
Accruals and deferred income	-	1,352
	<u>-</u>	<u>8,191</u>

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

**15. Deferred taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	19	13
Charged to profit or loss	(18)	6
Arising on business combinations	(19)	-
At end of year	<u>(18)</u>	<u>19</u>

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**PARAGON CUSTOMER COMMUNICATIONS (FINSBURY CIRCUS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Deferred taxation (continued)**

The deferred taxation balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(18)	19
	<u>(18)</u>	<u>19</u>

**16. Share capital**

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	1	1
	<u>1</u>	<u>1</u>

**17. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £41k (30 June 2019 - £42k). Contributions totalling £Nil (30 June 2019 - £Nil) were payable to the fund at the reporting date.

**18. Related party transactions**

The company has taken advantage of the exemption, under FRS 102 Section 33.1(a), from disclosing related party transactions as they are all with other companies that are wholly owned by Paragon Customer Communications Limited.

**19. Controlling party**

The immediate parent undertaking is Paragon Customer Communications (London) Limited, a company incorporated in England and Wales.

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

The ultimate parent undertaking and controlling party is Paragon Group Limited, a company incorporated in England. 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.