

Company Registration No. 06180792 (England And Wales)

dsicmm GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



dsicmm GROUP LIMITED

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dsicmm GROUP LIMITED
DIRECTOR AND ADVISORS

Director	G Givens
Company number	06180792
Registered office	Evolution House Choats Road Dagenham Essex RM9 6BF
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor The Atrium, 1 Harefield Road, Uxbridge, Middlesex, UB8 1EX
Bankers	Lloyds TSB Bank Plc 25 Gresham Street London EC2V 7HN

dsicmm GROUP LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The director presents his report and audited financial statements for the company for the year ended 31 December 2011

Principal activities

The principal activity of the company continued to be that of a holding company

Directors

The following directors have held office during the year and to the date of signing these financial statements

M Felstead resigned 11 January 2012

G Givens appointed 11 January 2012

Results and dividends

The results for the company show a loss for the financial year of £400,470 (2010 £195,265)

The directors have proposed a dividend of £nil (2010 £nil)

Independent Auditors

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

dsicmm GROUP LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless 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 director is required to


- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditors

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.



G Givens
Director

Date 13/08/12

dsicmm GROUP LIMITED

Independent auditors' report to the members of dsicmm Group Limited

We have audited the financial statements of dsicmm Group Limited for the period ended 31 December 2011 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

dsicmm GROUP LIMITED

Independent auditors' report to the members of dsicmm Group Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's report



Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
Uxbridge

13/08/12

dsicmm GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

		Year ended 31 December 2011 £	18 month period ended 31 December 2010 £
	Notes		
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(66,973)	(166,283)
Other operating income		-	78,843
		<hr/>	<hr/>
Operating loss	2	(66,973)	(87,440)
Interest receivable and similar income	3	-	490,020
Interest payable and similar charges	4	(477,504)	(670,986)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(544,477)	(268,406)
Tax on loss on ordinary activities	5	144,007	73,141
		<hr/>	<hr/>
Loss for the financial period	12	(400,470)	(195,265)
		<hr/>	<hr/>

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

There are no recognised gains and losses other than those passing through the profit and loss account

There are no material differences between the loss on ordinary activities before taxation and the loss for the year stated above and their historic cost equivalents

dsicmm GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	31 December 2011		31 December 2010	
		£	£	£	£
Fixed assets					
Investments	6		24,232,395		23,232,395
			<u>24,232,395</u>		<u>24,232,395</u>
Current assets					
Debtors	7	17,293,348		17,770,450	
		<u>17,293,348</u>		<u>17,770,450</u>	
Creditors: amounts falling due within one year	8	(7,254,812)		(8,531,444)	
		<u></u>		<u></u>	
Net current assets			10,038,536		9,239,006
			<u></u>		<u></u>
Total assets less current liabilities			34,270,931		33,471,401
			<u></u>		<u></u>
Creditors: amounts falling due after more than one year	9	(18,200,000)		(17,000,000)	
		<u></u>		<u></u>	
			16,070,931		16,471,401
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	11		47,298		47,298
Merger relief reserve	12		16,619,368		16,619,368
Profit and loss account	12		(595,735)		(195,265)
			<u></u>		<u></u>
Total shareholders' funds	13		16,070,931		16,471,401
			<u></u>		<u></u>

The notes on pages 8 to 15 form part of the financial statements

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

Approved by the Board and authorised for issue on 13/08/12

G Givens
Director

Company Registration No. 06180792

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

Accounting convention and comparative figures

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principle accounting policies which have been applied consistently are disclosed below. During the period to 31 December 2010 the company changed its accounting reference date from 30 June to 31 December, resulting in the comparative figures included in these financial statements reflecting an eighteen month period.

Going Concern

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

Consolidation

The company is a subsidiary undertaking of its ultimate parent DST Output Limited (previously Innovative Output Solutions Limited) a company incorporated in 2010 and registered in England and Wales. The company and its subsidiaries are included in the consolidated accounts of DST Output Limited, which are publically available. Therefore, the company has taken advantage of the exemption in s400 of the Companies Act 2006 and has not prepared consolidated financial statements.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of DST Output Limited (previously Innovative Output Solutions Limited) and is included in the consolidated financial statements of DST Output Limited, which are publically available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under FRS1 revised 1996. The company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the DST Output Limited group or investees of the group.

Investments

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

Foreign currency transactions

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

Deferred taxation

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

Other operating income

Other operating income consists of management charges billed to companies within the dsicmm Group with regards to costs borne by the company.

dsicmm GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

2 Operating loss

	Year ended 31 December ended 2011 £	18 month period ended 31 December 2010 £
Operating loss is stated after charging		
Loss on foreign exchange transactions	2,372	1,318
Services provided by the company's auditor		
Fees payable for the audit	5,000	6,500
	<u> </u>	<u> </u>

3 Interest receivable and similar income

	Year ended 31 December ended 2011 £	18 month period ended 31 December 2010 £
Interest received from group undertakings	-	490,020
	<u> </u>	<u> </u>
	-	490,020
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	Year ended 31 December ended 2011 £	18 month period ended 31 December 2010 £
Bank loans and overdrafts	217,410	272,563
Interest paid to group undertakings	260,094	252,807
Other interest	-	145,616
	<u> </u>	<u> </u>
	477,504	670,986
	<u> </u>	<u> </u>

Other interest in 2010 consists of interest payable in relation to deferred consideration and amounts due to a third party in relation to a loan agreement settled in 2010

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

5 Taxation on loss on ordinary activities

	Year ended 31 December 2011 £	18 month period ended 31 December 2010 £
Current period tax		
U K corporation tax	(144,286)	-
Deferred tax		
Deferred tax credit	1,719	(73,141)
Prior year adjustment	(1,440)	-
Tax on loss on ordinary activities	<u>(144,007)</u>	<u>(73,141)</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(544,477)	(268,406)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.5% (2010 – 28.00%)	<u>(144,286)</u>	<u>(75,154)</u>
Effects of		
Tax Losses Carried forward	-	75,154
	<u>-</u>	<u>75,154</u>
Current tax charge	<u>(144,286)</u>	<u>-</u>

Factors which may affect future tax charges

During the year, as a result of the change in the UK main Corporation tax rate from 28% to 26% that was substantively enacted on 29 March 2011 and was effective from 1 April 2011, the relevant deferred tax balances have been re-measured

In addition to this change in the rate of Corporation tax, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement, with the Corporate tax rate reducing to 24% from 1 April 2012. Further reductions to reduce the main rate by 1% per annum to 22% by 1 April 2014 are proposed. As none of these expected rate reductions had been substantively enacted at the balance sheet date the impact of these future changes is not included in these financial statements.

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

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

6 Fixed asset investments

**Shares in
group
undertakings
£**

Cost and net book value

At 31 December 2010 and 31 December 2011

24,232,395

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is supported by their underlying assets

Holdings of more than 20%

The company holds more than 20% of the share capital of the following principal undertakings all of which are incorporated in England and Wales unless otherwise indicated

Company	Shares held Class	%	Principal activity
Subsidiary undertakings			
Directly held:			
DST Output (London) Limited (previously Innovative Output Solutions (London) Limited)	Ordinary	100	Processing of data, printing & mailing
CMM Group Limited	Ordinary	100	Dormant
Innovative Output Solutions (Manchester) Limited (previously K2 Direct Limited)	Ordinary	100	Printing services
Innovative Output Solutions (Manchester) Limited	Preference	100	Printing services
The dsi & CMM Group Limited	Ordinary	100	Dormant
Indirectly held:			
Burnham International Limited	Ordinary	100	Dormant
Corporate Mailing Matters Limited	Ordinary	100	Dormant
Alphamail Limited	Ordinary	100	Dormant
Pickford Printing Company Limited	Ordinary	100	Dormant
dsi Nexdox Limited	Ordinary	100	Dormant
IOS Business Couriers Limited (previously dsi Sameday Express Limited)	Ordinary	75	Courier services
Participating interests			
Joint Ventures			
dsi Billing Services Limited	Ordinary	50	Billing and service providers
Associates			
European Direct Mail Specialists Limited	Ordinary	50	Mailing and delivery services
Response Handling Centre Limited	Ordinary	34	Administration support for fund raising companies

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7 Debtors	2011 £	2010 £
Amounts owed by group undertakings	17,191,204	17,572,742
Other debtors	83,044	124,567
Deferred tax (note 10)	19,100	73,141
	<u>17,293,348</u>	<u>17,770,450</u>

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

8 Creditors: amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	7,771	9,875
Term loan (note 9)	1,200,000	3,900,000
Amounts owed to group undertakings	5,929,738	4,592,549
Accruals and deferred income	117,303	29,020
	<u>7,254,812</u>	<u>8,531,444</u>

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

9 Creditors. amounts falling due after more than one year	2011 £	2010 £
Term loan	1,200,000	-
Amounts owed to group undertakings	17,000,000	17,000,000
	<u>18,200,000</u>	<u>17,000,000</u>

The term loan is secured by a fixed and floating charge over the assets of the company. The loan is repayable in quarterly instalments of £300,000 and is subject to an interest rate of LIBOR plus 2.75%

At 31 December 2010, the company was in breach of the covenant conditions with respect to the bank term loan. On 23 February 2011, a waiver with regards to the breach at 31 December 2010 was obtained from Lloyds TSB Bank plc. Accordingly the debt profile at 31 December 2010 with regards to the bank term loan required all balances to be presented in current liabilities.

On 30 June 2011 the company revised its term loan agreement with Lloyds TSB Bank PLC. The financial covenants were amended to reflect the new ownership structure and to reduce the number of covenants as a result of a guarantee being provided by DST Systems Inc. Repayment terms and applicable interest rates remain unchanged.

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Creditors: amounts falling due after more than one year (continued)

Amounts owed to group undertakings consists of an unsecured £17 million loan from parent undertaking DST Output Limited. This is repayable in 2020 and bears interest at the Bank of England base rate plus 1%.

Analysis of loans

Loan amounts are repayable as follows

	2011 £	2010 £
Due within one year or on demand	1,200,000	3,900,000
Amounts payable within one and two years	1,200,000	-
Amounts payable between three and five years	17,000,000	17,000,000
	<u>19,400,000</u>	<u>20,900,000</u>

Financial Instruments

The company's finance arrangements expose it to interest rate risk, as part of its capital structure is external debt which is subject to a floating interest rate of LIBOR + 2.75% per annum. The exposure is hedged with an interest rate swap contract. The fair value of the instrument at 31 December 2011 was a loss of £18,158 (2010 loss £53,184). Subsequent to the year end, the company's financial position was not materially affected by instruments reaching their maturity date.

10 Deferred taxation

	2011 £	2010 £
Losses carried forward	(19,100)	(73,141)
	<u>(19,100)</u>	<u>(73,141)</u>
		£
Balance at 31 December 2010		(73,141)
Tax charge in the period		1,719
Prior year adjustment – group relief		53,762
Prior year adjustment		(1,440)
Balance at 31 December 2011 (note 7)		<u>(19,100)</u>

dsicmm GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011**

11	Called up share capital	2011	2010
		£	£
	Allotted, called up and fully paid		
	4,729,837 (2010 4,729,837) Ordinary shares of 1 00p each	47,298	47,298
	1 Deferred share (2010 1) of 0 40p each	-	-
		47,298	47,298
		47,298	47,298

12	Statement of movements on reserves	Merger relief reserve	Profit and loss account
		£	£
	Balance at 31 December 2010	16,619,368	(195,265)
	Loss for the period	-	(400,470)
	Dividends paid	-	-
		16,619,368	(595,735)
	Balance at 31 December 2011	16,619,368	(595,735)

13	Reconciliation of movements in shareholders' funds	2011	2010
		£	£
	Loss for the financial period	(400,470)	(195,265)
	Opening shareholders' funds	16,471,401	16,666,666
		16,070,931	16,471,401
	Closing shareholders' funds	16,070,931	16,471,401

14 Employees

There were no employee's during the period (2010 nil)

15 Directors' emoluments

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

dsicmm GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

16 Control

The immediate parent undertaking is DST Output Limited (previously Innovative Output Solutions Limited), a company incorporated in England and Wales

The ultimate parent undertaking and controlling party is DST Systems, Inc a company incorporated in the USA

DST Systems Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of DST Systems Inc are available from 333 W 11th Street, Kansas City, Missouri, 64105-1594 USA

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

17 Related party transactions

The related party transactions as defined for disclosures under FRS 8 are listed below

Transactions with fellow group undertakings

Related party transactions with fellow group undertakings are listed below

		2011	2010
DST Global Solutions Group Services Limited	Interest Payable	-	£155,891
DST Systems Inc	Recharges	£42,505	£67,580
DST Technologies Inc	Recharges	£19,996	-
The following balances were owed to/(owed by) the company at the period end			
DST Systems Inc		£(111,775)	£(67,580)
DST Technologies Inc		£(20,558)	-
DST Global Group Services Limited		£7,106	£7,106
IOS Business Couriers		£34,914	-
DST Realty (UK) Limited		£18,848	-

On 1 July 2010, DST Global Solutions Group Services Limited, an intermediate parent undertaking, advanced a sum of £4,000,000 to dsicmm Group Limited at an interest rate of 8% per annum. This loan and all related interest was repaid in full on 22 December 2010.

Also on 1 July 2010 a £2,000,000 loan and attached interest and warrants along with an outstanding finance lease arrangement of £273,833 entered into by dsicmm Group Limited and its subsidiaries with Swiss Post Limited was novated to DST Global Solutions Group Services Limited. The balance of the loan and finance lease, including all applicable interest was settled in full on 6th August 2010 and 30 November 2010 retrospectively.