

## **dsicmm Group Limited**

Report and Financial Statements

Year Ended

31 December 2015

Company Number 06180792

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**dsicmm Group Limited**

**Company Information**

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<b>Director</b>	G Givens
<b>Registered number</b>	06180792
<b>Registered office</b>	DST House St Marks Hill Surbiton Surrey KT6 4QD
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
<b>Bankers</b>	Lloyds Bank plc 25 Gresham Street London Surrey E2CV 7HN

**dsicmm Group Limited**

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## **dsicmm Group Limited**

### **Strategic report For the Year Ended 31 December 2015**

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#### **Introduction**

The Director presents his Strategic Report of dsicmm Group Limited for the year ended 31 December 2015.

#### **Business review**

The loss for the financial year after tax is £445,000 (2014 - loss of £1,821,000) and no dividend has been proposed or paid during the year (2014 - £Nil).

#### **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 DST Output Limited, which include those of the company, are discussed in DST Output Limited's group strategic report.

#### **Key performance indicators**

dsicmm Group Limited is managed by the director in accordance with the strategies of its parent company, DST Output Limited. For this reason, the director believes 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 company's parent's group strategic report which does not form part of this 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.

#### **Impact of the UK deciding to leave the European union**

The directors have considered the impact of the UK deciding to leave the European Union on 23 June 2016 and do not believe it will have a significant impact on the entity subsequent to the year end.

This report was approved by the board on 26/08/2016

and signed on its behalf.

  
**G Givens**  
Director

## **dsicmm Group Limited**

### **Director's report For the Year Ended 31 December 2015**

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The director presents his report and the audited financial statements for the year ended 31 December 2015.

#### **Director's responsibilities statement**

The director is responsible for preparing the Strategic report, 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 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 director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 him 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.

#### **Principal activity**

The principal activity of the company continued to be that of a holding company for DST Output (London) Limited.

#### **Dividends**

Dividends are disclosed in the strategic report.

#### **Director**

The director of the company who was in office during the year and up to the date of signing the financial statements was:

G Givens

**dsicmm Group Limited**

**Director's report  
For the Year Ended 31 December 2015**

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**Disclosure of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he 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.

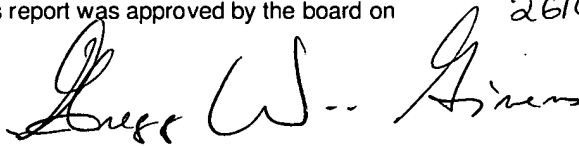
**Director's indemnities**

DST Systems, Inc maintains liability insurance for its directors. For the purposes of the Companies Act 2006, DST Systems, Inc provides indemnity insurance for its directors and company secretary for qualifying third party provisions. These were in force throughout the year and at the date of approval of the financial statements.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26/08/2016 and signed on its behalf.



**G Givens**  
Director

## **dsicmm Group Limited**

### **Independent Auditors' Report to the Members of dsicmm Group Limited**

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#### **Report on the financial statements**

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##### **Our opinion**

In our opinion dsicmm Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

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dsicmm Group Limited's financial statements, comprise:

- the Statement of financial position as at 31 December 2015;
- the Statement of comprehensive income for the year ended; and
- the Statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, he has made assumptions and considered future events.

##### **Opinions on matter prescribed by the Companies Act 2006**

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

##### **Other matters on which we are required to report by exception**

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###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

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Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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## **dsicmm Group Limited**

### **Independent Auditors' Report to the Members of dsicmm Group Limited**

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the director**

As explained more fully in the Director's Responsibilities Statement set out on page 2, the director is 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 & Ireland) ("ISAs (UK & 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 parent 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.

##### **What an audit of financial statements involves**

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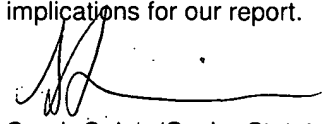
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sarah Quinn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

Date: 26 August 2016



**dsicmm Group Limited**

**Statement of comprehensive income  
For the Year Ended 31 December 2015**

	Note	2015 £000	2014 £000
Administrative expenses		(242)	(1,605)
<b>Operating loss</b>	3	<u>(242)</u>	<u>(1,605)</u>
Interest payable and similar charges	4	(255)	(255)
<b>Loss on ordinary activities before taxation</b>		<u>(497)</u>	<u>(1,860)</u>
Tax credit on loss on ordinary activities	5	52	39
<b>Total comprehensive expense for the year</b>		<u><u>(445)</u></u>	<u><u>(1,821)</u></u>

There was no comprehensive income for the financial years in 2014 and 2015.

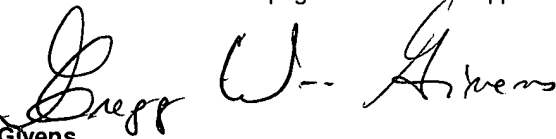
The notes on pages 9 to 16 form part of these financial statements.

**dsicmm Group Limited**  
**Registered number:06180792**

**Statement of financial position**  
**As at 31 December 2015**

	Note	2015 £000	2014 £000
Investments	6	23,731	23,970
		<u>23,731</u>	<u>23,970</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	6,380	15,936
		<u>6,380</u>	<u>15,936</u>
Creditors: amounts falling due within one year	8	(3)	(9,353)
		<u>(3)</u>	<u>(9,353)</u>
<b>Net current assets</b>		<u>6,377</u>	<u>6,583</u>
<b>Total assets less current liabilities</b>		<u>30,108</u>	<u>30,553</u>
Creditors: amounts falling due after more than one year	9	(17,000)	(17,000)
		<u>(17,000)</u>	<u>(17,000)</u>
<b>Net assets</b>		<u>13,108</u>	<u>13,553</u>
<b>Capital and reserves</b>			
Called up share capital	10	47	47
Merger reserve		16,619	16,619
Profit and loss account		(3,558)	(3,113)
<b>Total equity</b>		<u>13,108</u>	<u>13,553</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors and signed on its behalf by

  
**G Givens**  
 Director

Date: 26/08/2016

The notes on pages 9 to 16 form part of these financial statements.

**dsicmm Group Limited**  
Registered number:06180792

**Statement of changes in equity**  
**For the year ended 31 December 2015**

	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2015	47	16,619	(3,113)	13,553
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(445)	(445)
<b>Total comprehensive expense for the year</b>	-	-	(445)	(445)
<b>At 31 December 2015</b>	<b>47</b>	<b>16,619</b>	<b>(3,558)</b>	<b>13,108</b>

**Statement of changes in equity**  
**For the year ended 31 December 2014**

	<b>Called up Share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2014	47	16,619	(1,292)	15,374
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(1,821)	(1,821)
<b>Total comprehensive expense for the year</b>	-	-	(1,821)	(1,821)
<b>At 31 December 2014</b>	<b>47</b>	<b>16,619</b>	<b>(3,113)</b>	<b>13,553</b>

The notes on pages 9 to 16 form part of these financial statements.

## **dsicmm Group Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

dsicmm Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 12.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

Accounting policies have been applied consistently, other than where new policies have been adopted.

The following principal accounting policies have been applied:

##### **1.2 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 company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, DST Systems, Inc, includes the company's cash flows in its own consolidated financial statements.
- The company has taken advantage of the exemption, under FRS 102 para 33.7 from disclosing total compensation of key management personnel.
- The company has taken advantage of the exemption for qualifying entities from certain financial instrument disclosures, on the basis that the equivalent disclosures are included in the consolidated financial statements of ultimate parent company.
- The company has taken advantage of the exemption, under FRS 33.1 (a), from disclosing related party transactions as they are all with other companies that are wholly owned by DST Systems, Inc.

This information is included in the consolidated financial statements of DST Systems, Inc as at 31 December 2015 and these financial statements may be obtained from 333 West 11th Street, Kansas City, MO 64105, USA.

**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

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**1. Accounting policies (continued)**

**1.3 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.4 Impairment of fixed assets and goodwill**

The company performs impairment reviews in respect of tangible fixed assets where events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised when the receivable amount of an asset, which is the higher of its net realisable value and its value in use, is less than its carrying amount.

**1.5 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.

**1.6 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.

**1.7 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

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**1. Accounting policies (continued)**

**1.8 Reserves**

The company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The merger relief reserve arose on a past business combination that was accounted for as a merger in accordance with FRS 102 as applied at that time.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements the director has made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset and where it is a component of larger cash-generating unit, the viability and expected future performance of that unit.

**Other key sources of estimation uncertainty**

- The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

**3. Operating loss**

The operating loss is stated after charging:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Impairment of investment	<b>239</b>	1,605
Auditors' remuneration - fees payable for the audit	<b>3</b>	3

During the year, no director received any emoluments (2014 -£NIL).

**4. Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Interest on loans from group undertakings	<b>255</b>	255

dsicmm Group Limited

Notes to the financial statements  
For the Year Ended 31 December 2015

5. Taxation

	2015 £000	2014 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(51)	(54)
Adjustments in respect of previous periods	(1)	-
	<u>(52)</u>	<u>(54)</u>
<b>Total current tax</b>	<u>(52)</u>	<u>(54)</u>
<b>Deferred tax</b>		
Adjustment in respect of prior years	-	15
<b>Total deferred tax</b>	<u>-</u>	<u>15</u>
<b>Taxation on loss on ordinary activities</b>	<u>(52)</u>	<u>(39)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%). The differences are explained below:

	2015 £000	2014 £000
Loss on ordinary activities before tax	<u>(497)</u>	<u>(1,860)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(100)	(400)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	49	346
To be advised	(1)	15
<b>Total tax charge for the year</b>	<u>(52)</u>	<u>(39)</u>

**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**5. Taxation (continued)**

**Factors that may affect future tax charges**

Finance Act 2015 included legislation reducing the main UK corporation tax rate from 20% to 19%, effective from 1 April 2017. A further reduction to 18% was also enacted and will be effective from 1 April 2020.

The Chancellor has announced that the main UK corporation tax rate will now be reduced to 17% with an effective date of 1 April 2020. This 17% rate has not yet been substantially enacted.

**6. Investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2015	25,837
<b>At 31 December 2015</b>	<u>25,837</u>
<b>Impairment</b>	
At 1 January 2015	1,867
Charge for the year	239
<b>At 31 December 2015</b>	<u>2,106</u>
<b>Net book value</b>	
<b>At 31 December 2015</b>	<u>23,731</u>
At 31 December 2014	<u>23,970</u>



**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

**Investments (continued)**

<b>Name</b>	<b>Shares</b>	<b>Holding %</b>	<b>Principal activity</b>
Subsidiary undertakings directly held:			
DST Output (London) Limited	Ordinary	100	Processing of data & mailing
Innovative Output Solutions (Manchester) Limited	Ordinary	100	Printing services
Innovative Output Solutions (Manchester) Limited	Preference	100	Printing 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	Administrative support for fund raising companies
The director believes that the carrying value of the remaining investments is supported by their underlying net assets.			

**7. Debtors: Amount falling due within one year**

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Due within one year</b>		
Amounts owed by group undertakings	<b>6,380</b>	15,936
	<b>6,380</b>	15,936

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

**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	-	9,353
Accruals and deferred income	<b>3</b>	-
	<u><b>3</b></u>	<u><b>9,353</b></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**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>17,000</b>	17,000
	<u><b>17,000</b></u>	<u><b>17,000</b></u>

Amounts owed to group undertakings consist of an unsecured £17,000,000 loan from DST Output Limited. The loan is repayable in 2020 and bears interest at the Bank of England base rate plus 1%.

**10. Called up share capital**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
4,729,800 (2014: 4,729,800) Ordinary shares of £0.01 each	<b>47</b>	47
	<u><b>47</b></u>	<u><b>47</b></u>

**dsicmm Group Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2015**

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**11. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is DST Output Limited, a company incorporated in England and Wales.

The ultimate parent undertaking company and controlling party is DST Systems, Inc, a company incorporated in the United States of America.

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.

DST Systems, Inc is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Systems, Inc are available from 333 West 11th Street, Kansas City, MO 64105, USA.

**12. Transition to FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statement prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of the transition is 1 January 2014. There were no transaction adjustments noted due to the change in accounting standards and therefore no transition schedules have been presented.