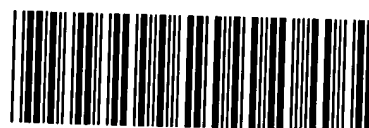


DSICMM GROUP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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DSICMM GROUP LIMITED

COMPANY INFORMATION

Directors

P J Crean
L T Salmon
J E C Walters

Company secretary

R J Cahill

Registered number

06180792

Registered office

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

Independent auditors

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
30 Finsbury Square
London
EC2A 1AG

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

DSICMM GROUP LIMITED

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DSICMM GROUP LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Principal activity

The principal activity of the company continued to be that of a holding company to Paragon Customer Communications (London) Limited.

Business review

The loss for the year is £0.3m (30 June 2020 - £0.3m) and no dividend has been proposed or paid during the financial year (30 June 2020 - £Nil). The net assets position as at the end of the year is £11.8m (30 June 2020 - £12.1m).

The company did not earn any income except for the interest charges incurred on its indebtedness to the other group undertaking.

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 (the "group"), which include those of the company, are discussed in Paragon Customer Communications Limited's group strategic report.

Key performance indicators

dsicmm Group 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 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 group strategic report of the company's parent 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.

DSICMM GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Coronavirus risk

In relation to the Coronavirus (COVID-19) pandemic, the directors continue to assess the situation across key markets and the potential risk to the operation of the business daily. The directors have taken all necessary measures as advised by the NHS, WHO, the UK government and equivalent local authorities across our offices, including promoting hygiene standards and providing facilities to enable this, and firmly insisting all employees to work from home where possible. The company has maintained a sufficient level of trading activity during the crisis. At the date of signing the financial statements the directors do not consider there to be a threat to the overall business in the case of another Coronavirus-related closures and lockdowns, or the company (through the support of the overall Paragon Group) having access to sufficient working capital. The directors believe that appropriate strategies have been developed to ensure the company can continue to reduce and manage the impacts of the adverse developments which could otherwise affect the company's ability to continue trading.

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.

Jeremy Walters

J E C Walters
Director

Date: 18/2/2022

DSICMM GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

Directors

The directors who served during the Year were:

P J Crean
L T Salmon
J E C Walters

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, liquidity risk and interest rate cash flow risk. The company has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance of the company. The company does not use derivative financial instruments to manage currency risk exposure and as such, no hedge accounting is applied.

Liquidity risk

The company actively monitors working capital and ensures that the company has sufficient available funds for operations and meeting its debts as they fall due.

Interest rate cash flow risk

The company has interest bearing liabilities on which interest is paid at floating rates.

Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for the period under review being July 2021 through to March 2023, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive actions already undertaken to protect profitability and conserve cash.

Four scenarios were considered by the Paragon Group in preparing their going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. Overall the Group traded in line with the management case for the first six months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- The management case anticipates that volume would be steady for the remainder of the period under review;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business;
- The downside case included further reductions in the range of 10%, 25% and 40% in turnover across the Group's five divisions for the remainder of period under review, to reflect the scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of the next year. Those projections showed that the Group will continue to operate viably over that period:

DSICMM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

- The above downside case excludes €180m in post-balance sheet funding received by the wider Group, which will have a positive impact on going concern.

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, 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.

Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of dsicmm Group Limited. For the purposes of the Companies Act 2006, Paragon Customer Communications Limited provides indemnity insurance for the directors and company secretary of dsicmm Group 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.

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 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;
- 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.

DSICMM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

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.

Jeremy Walters

J E C Walters
Director

Date: 18/2/2022

DSICMM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSICMM GROUP LIMITED

Opinion

We have audited the financial statements of dsicmm Group Limited (the 'Company') for the Year ended 30 June 2021, 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 2021 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.

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.

Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

DSICMM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSICMM GROUP LIMITED (CONTINUED)

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.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

DSICMM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSICMM GROUP LIMITED (CONTINUED)

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. This description forms part of our Auditors' Report.

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

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

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks FRS102 and the Companies Act 2006).
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthroughs performed with management.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;

DSICMM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSICMM GROUP LIMITED (CONTINUED)

- understanding how the Board considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity.
 - In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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
Date: 18 February 2022

DSICMM GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Interest payable and expenses	6	(255)	(254)
Loss before tax		<u>(255)</u>	<u>(254)</u>
Loss for the financial Year		<u>(255)</u>	<u>(254)</u>
 Total comprehensive income for the Year		 <u>(255)</u>	 <u>(254)</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 14 to 20 form part of these financial statements.

DSICMM GROUP LIMITED
REGISTERED NUMBER: 06180792

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	8	23,731	23,731
		<u>23,731</u>	<u>23,731</u>
Current assets			
Debtors: amounts falling due within one year	9	5,081	5,336
		<u>5,081</u>	<u>5,336</u>
Total assets less current liabilities		28,812	29,067
Creditors: amounts falling due after more than one year	10	(17,009)	(17,009)
Net assets		<u>11,803</u>	<u>12,058</u>
Capital and reserves			
Called up share capital	11	47	47
Merger reserve		16,619	16,619
Profit and loss account		(4,863)	(4,608)
		<u>11,803</u>	<u>12,058</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/2/2022

Jeremy Walters

J E C Walters
 Director

The notes on pages 14 to 20 form part of these financial statements.

DSICMM GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2020	47	16,619	(4,608)	12,058
Comprehensive income for the Year				
Loss for the Year	-	-	(255)	(255)
Total comprehensive loss for the Year	-	-	-	-
Total comprehensive loss for the Year	-	-	(255)	(255)
Total transactions with owners	-	-	-	-
At 30 June 2021	47	16,619	(4,863)	11,803

The notes on pages 14 to 20 form part of these financial statements.

DSICMM GROUP LIMITED

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

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	47	16,619	(4,354)	12,312
Comprehensive income for the year				
Loss for the year	-	-	(254)	(254)
Total comprehensive loss for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(254)	(254)
Total transactions with owners	-	-	-	-
At 30 June 2020	47	16,619	(4,608)	12,058

The notes on pages 14 to 20 form part of these financial statements.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General information

dsicmm Group 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 judgement 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 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.

2.3 Consolidation

The company is a wholly owned subsidiary of Paragon Customer Communications Limited, a company incorporated in England and Wales. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Paragon Customer Communications Limited.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.5 Going concern

The Directors have performed an assessment of going concern, including receiving written support provided from its ultimate parent company ("the Paragon Group"). The Paragon Group have performed an assessment of going concern by reviewing the Group's cash position, available banking facilities and financial forecasts for the period under review being July 2021 through to March 2023, including the ability to adhere to banking covenants. In doing so, the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends and extensive actions already undertaken to protect profitability and conserve cash.

Four scenarios were considered by the Paragon Group in preparing their going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. Overall the Group traded in line with the management case for the first six months of the 2022 financial year and has remained profitable and cash generative which further underlines the resilience and adaptability of the business during this difficult time.

The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- The management case anticipates that volume would be steady for the remainder of the period under review;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business;
- The downside case included further reductions in the range of 10%, 25% and 40% in turnover across the Group's five divisions for the remainder of period under review, to reflect the scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of the next year. Those projections showed that the Group will continue to operate viably over that period;
- The above downside case excludes €180m in post-balance sheet funding received by the wider Group, which will have a positive impact on going concern.

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, 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.

2.6 Valuation of investments

Investments in subsidiaries, joint ventures and associates 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.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.7 Impairment of investments

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

2.8 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.

2.9 Reserves

The company's reserves are as follows:

- Called up share capital 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.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

3. Judgements 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 investments in subsidiaries, joint ventures and associates including intercompany debtors. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset.

4. Operating loss

The audit fee for the year was £2,500 (30 June 2020 - £2,200) and this has been borne by Paragon Customer Communications Limited, the immediate parent undertaking of the company.

5. 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.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

6. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on loans from group undertakings	255	254

7. Tax on loss

	2021	2020
	£000	£000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss on ordinary activities before tax	(255)	(254)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19 %)	(48)	(48)
Effects of:		
Group relief	48	48
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2020	23,731
At 30 June 2021	<u>23,731</u>

Name	Country of incorporation	Class of shares	Holding	Principal activity
Subsidiary undertakings directly held:				
Paragon Customer Communications (London) Limited*	England & Wales	Ordinary	100%	Processing of data and mailing
Innovative Output Solutions (Manchester) Limited*	England & Wales	Ordinary	100%	Printing services
Innovative Output Solutions (Manchester) Limited*	England & Wales	Preference	100%	Printing services
Subsidiary undertakings indirectly held:				
Paragon Customer Communications (Finsbury Circus) Limited*	England & Wales	Ordinary	100%	Pre-press and pre-media services
Participating interests indirectly held:				
Joint ventures:				
dsi Billing Services Limited***	England & Wales	Ordinary	50%	Billing and service providers
Associates:				
European Direct Mail Specialists Limited**	England & Wales	Ordinary	50%	Mailing and delivery services
Response Handling Centre Limited**	England & Wales	Ordinary	34%	Administrative support for fund-raising companies

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Fixed assets investments (continued)

*The registered address of these companies is Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB

**The registered address of these companies is 5 White Oak Square, Swanley, Kent, BR8 7AG.

***The registered address of this company is Evolution House, Choats Road, Dagenham, Essex RM9 6BF.

The directors believe that the carrying value of the remaining investments is supported by their underlying net assets.

9. Debtors

	2021	2020
	£000	£000
Amounts owed by group undertakings	5,081	5,336
	<u>5,081</u>	<u>5,336</u>

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

10. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	17,009	17,009
	<u>17,009</u>	<u>17,009</u>

Amounts owed to group undertakings consist of an unsecured £17,000,000 loan from Paragon Customer Communications Limited. The loan bears interest at the Bank of England base rate plus 1%.

11. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
4,729,800 (2020 - 4,729,800) A ordinary shares of £0.01 each	47	47
	<u>47</u>	<u>47</u>

12. 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.

DSICMM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Controlling party

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

Paragon Customer Communications Limited is the parent undertaking of the smallest group of 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 and Wales. 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.