

Registered number: 06498963

**LATERAL GROUP LIMITED**

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

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<b>LATERAL GROUP LIMITED</b>
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**COMPANY INFORMATION**

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<b>Directors</b>	P J Crean L T Salmon J E C Walters
<b>Company secretary</b>	R J Cahill
<b>Registered number</b>	06498963
<b>Registered office</b>	Lower Ground Floor Park House Finsbury Circus London EC2M 7EB
<b>Independent auditors</b>	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 30 Finsbury Square London EC2A 1AG
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London E2CV 7HV

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**LATERAL GROUP LIMITED**

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**LATERAL GROUP LIMITED**

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

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

**Principal activity**

Lateral Group Limited is an intermediate holding company for a group of companies whose principal activities are database management and processing, manufacturing and selling of direct marketing communications to a wide range of businesses in the UK.

**Results and dividends**

The profit for the year, after taxation, amounted to £NIL (2020 - loss £1,139 thousand).

No dividend has been proposed or paid during the year (30 June 2020 - £Nil).

**Directors**

The directors who served during the year were:

P J Crean  
L T Salmon  
J E C Walters

**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:

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

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

**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a financial risk management 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 assets, which include cash balances. Currently, the company does not have any interest bearing liabilities.

**LATERAL GROUP LIMITED**

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

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing 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.

**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.

**LATERAL 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.

**Independent auditor**

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

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A 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

**LATERAL GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LATERAL GROUP LIMITED**

**Opinion**

We have audited the financial statements of Lateral Group Limited (the 'Company') for the year ended 30 June 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position 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 result 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.



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

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**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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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.

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

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**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;

**LATERAL GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LATERAL 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

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

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	Note	2021 £	2020 £000
Administrative expenses		-	(8)
<b>Operating profit/(loss)</b>		-	(8)
Income from fixed assets investments		-	333
Loss on disposal of investments		-	(1,464)
<b>Profit/(loss) before tax</b>		-	(1,139)
<b>Profit/(loss) for the financial year</b>		-	(1,139)

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

All results are from continuing operations and there was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 11 to 17 form part of these financial statements.

**LATERAL GROUP LIMITED**  
**REGISTERED NUMBER: 06498963**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	7	5,603	5,603
		<u>5,603</u>	<u>5,603</u>
<b>Current assets</b>			
Cash at bank and in hand	8	184	803
		<u>184</u>	<u>803</u>
Creditors: amounts falling due within one year	9	(11,655)	(12,274)
<b>Net current liabilities</b>		<u>(11,471)</u>	<u>(11,471)</u>
<b>Total assets less current liabilities</b>		<u>(5,868)</u>	<u>(5,868)</u>
<b>Net liabilities</b>		<u>(5,868)</u>	<u>(5,868)</u>
<b>Capital and reserves</b>			
Called up share capital	10	5,229	5,229
Profit and loss account		(11,097)	(11,097)
		<u>(5,868)</u>	<u>(5,868)</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 by:

*Jeremy Walters*

**J E C Walters**  
 Director

Date: 18/2/2022

The notes on pages 11 to 17 form part of these financial statements.

**LATERAL GROUP LIMITED**

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

**1. General information**

Lateral 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 directors' report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Paragon Customer Communications Limited as at 30 June 2020 and these financial statements may be obtained from Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

**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.

**LATERAL GROUP LIMITED**

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

**2. Accounting policies (continued)**

**2.4 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.

**2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**LATERAL GROUP LIMITED**

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

**2. Accounting policies (continued)**

**2.6 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.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 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.

**2.9 Taxation**

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

**2.10 Employee benefit trust**

The company has established a trust with the broad objective of providing benefits to the employees of the group and their dependents both past and present. The trustees operate independently of the company and the assets of the trust are held separately from those of the company. The financial statements of the employee benefit trust are held separately from those of the company. The financial statements of the employee benefit trust are incorporated into the results of the company.

**2.11 Reserves**

The company's reserves are as follows:

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



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

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's investments in subsidiaries and amounts owed by group entities. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

**4. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2021 £000	2020 £000
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	3	2

The audit fees for the year was £2,500 (2020 - £2,200) and this has been borne by another group entity, Paragon Customer Communications Limited.

**5. Directors' remuneration**

The directors are remunerated through other group companies and no recharges were made. It is not possible to determine the proportion of the remaining directors' work that was performed for the company.

**6. Tax on loss/profit**

	2021 £000	2020 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit on ordinary activities</b>	-	-

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

**6. Tax on loss/profit (continued)****Factors affecting tax charge for the year**

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

	<b>2021 £000</b>	<b>2020 £000</b>
Profit/(loss) on ordinary activities before tax	-	(1,139)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	-	(216)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	278
Non-taxable income	-	(63)
Group relief	-	1
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

**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.

**7. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 July 2020	5,603
At 30 June 2021	5,603

**Subsidiary undertakings**

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**7. Fixed asset investments (continued)**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Paragon Customer Communications (Nottingham) Limited	England & Wales	Ordinary	100%	Printing services

The registered address of the company is Lower Ground Floor, Park House, 16/18 Finsbury Circus, London EC2M 7EB.

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

**8. Cash and cash equivalents**

	2021 £000	2020 £000
Cash at bank and in hand	184	803
	184	803
	184	803

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

	2021 £000	2020 £000
Amounts owed to group undertakings	11,655	12,274
	11,655	12,274
	11,655	12,274

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

**10. Share capital**

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
5,229,313 (2020 - 5,229,313) Ordinary shares of £1.00 each	5,229	5,229
	5,229	5,229

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**11. 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.

**12. Controlling party**

The immediate parent undertaking is Lateral Holdings (UK) 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 Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

The ultimate parent undertaking and controlling party is Paragon Group Limited, a company incorporated in England. PCC Global PLC (formerly Grenadier (UK) Limited), a wholly owned subsidiary of Paragon Group Limited, is the immediate parent undertaking of Paragon Customer Communications Limited.