
PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

COMPANY INFORMATION

Directors	A J Plummer R J Oliver (resigned 15 November 2019) P J Crean L T Salmon J E C Walters
Company secretary	R J Cahill
Registered number	01626027
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

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Principal activities

The company's principal activities continue to be that of printing and enclosing of communication mail.

Business review

The results for the company for the year show a loss before taxation of £2.2m (30 June 2019 - £0.8m) and turnover of £15.9m (30 June 2019 - £14.6m). The directors have not proposed or paid a dividend in the current year (30 June 2019 - £Nil). The net liabilities position as at the end of the year is £0.9m (30 June 2019 - £1.4m net assets).

Trading in the last quarter of the year was impacted by the Covid19 pandemic, while the business operations were not closed during the pandemic the decline in the general business activity resulting from the lockdown led to lower business volumes within the business and the business made use of the Coronavirus Job Retention Scheme offered by the UK government. The business continued to service its clients with the continued support and efforts of the employees during this difficult and uncertain period.

Key performance indicators

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

Strategy and future developments

Following a review of the operations of the Redruth site where the company's operations is based, the Directors have decided to relocate the work undertaken for customers to other parts of the Paragon Customer Communications group and close the site. This decision was made after a review of the investment requirements of the Redruth and the limitations for growth within the site. All employees have been consulted throughout the closure process and the business expects to complete the transfer of operational activities by 31st March 2021.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Paragon Customer Communications group and are not managed separately. Accordingly, the principal risks and uncertainties of Paragon Customer Communications Limited, which include those of the company, are discussed in Paragon Customer Communications Limited's group strategic report.

Environmental matters

The company recognises the importance of their environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The company operates in accordance with ISO 14001 and is FSC accredited. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Coronavirus risk

The company continues to be impacted by the global outbreak of Coronavirus (COVID-19), the directors of the company and Paragon Group at large continue to assess the situation across key markets and the potential risk to the operation of the business daily. The directors have taken all necessary measures as advised by the NHS, WHO, the UK government and equivalent local authorities across our offices, including promoting hygiene standards and providing facilities to enable this, and firmly insisting all employees to working from home where possible. The company and the overall Paragon Group have vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak. Both feel reasonably confident that they will retain a sufficient level of trading activity during the crisis.

The directors do not consider, at the date of signing of the financial statements, there to be a threat to the overall business in the case of outbreak-related closures and lockdowns due to the above and the company (via the support of the overall Paragon Group) having access to sufficient working capital.

The directors believe that appropriate strategies have been, and are being further developed, to ensure the company can reduce and manage the possible impacts of adverse developments which could affect the company's ability to continue trading.

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



J E C Walters
Director

Date: 2 February 2021

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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

Results and dividends

The loss for the year, after taxation, amounted to £2.2million (2019 - £0.8 million).

Dividends are disclosed in the strategic report.

Directors

The directors who served during the year were:

A J Plummer
R J Oliver (resigned 15 November 2019)
P J Crean
L T Salmon
J E C Walters

Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the impact of the outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a financial risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of trade debtors, creditors and in particular those relating to overseas suppliers and customers. The company does not use derivative financial instruments to manage currency risk exposure and as such, no hedge accounting is applied.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of continually managing exposure to commodity price risk exceeds any significant potential benefit. The risk is mitigated due to the ongoing centralisation of the company procurement team and also certain inputs being rechargeable directly to clients. The directors of the company will revisit the appropriateness of this policy should the company's operations change in size and nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign currency risk

The majority of the company's customers and suppliers are in the United Kingdom. The foreign currency exposure arising from the small proportion of foreign currency customers and suppliers is deemed low risk by the directors. The directors of the company will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company is exposed to customer credit risk through continuing uncertainty in the economy. The company has implemented policies that require appropriate credit checks on potential customers before work is undertaken. Additionally any significant increases in activity on existing clients will result in a reassessment of their credit risk.

Liquidity risk

The company has access to funding from other group companies sufficient to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risks

The company has no interest bearing assets and liabilities. All intercompany liabilities are interest free and currently deemed low risk. The directors will revisit the appropriateness of this policy should the market change significantly.

Investment in new equipment

To ensure that the company continues to deliver the quality and speed of service that our customers require, the company will continue to keep abreast and to invest in new technology to meet their requirements.

Research and development activities

The directors regard the investment in research and development as integral to the continuing success of the business and ensuring that it remains at the forefront of the industry.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled people should, as far as possible, be identical to other employees.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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 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.

Directors' qualifying third party indemnity provisions

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

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Engagement with employees

Focus Areas	How we engage	Engagement outcomes
Engaging employee culture	Fortnightly "all staff newsletter" via email and electronic displays	All employees are aware of significant success and activities across the business
Motivated and talented employees	Development and succession planning	Employees supported in external qualifications
Safety focus	All staff have mandatory safety training relevant to their roles within the business	All employees are aware of their role in their own safety and the safety of those around them, accident levels are low.
Diversity and inclusion agenda	The senior management team have put in place an Equality, Diversity & Inclusion Policy and has established an Inclusion Council.	The Inclusion Council will support the senior management team in the creation of an integrated inclusion strategy.

Strong leadership, along with continued support from customers and suppliers, who continue to recognise Paragon group's commitment to the communications industry, resulted in us reporting excellent growth in both turnover and profitability, primarily from the augmentation of existing accounts within the Paragon group of companies.

Our position of offering a complete range of communication solutions is becoming ever more attractive to clients in an increasingly complex multi-channel driven, communication landscape. These financial statements show the costs related to our ongoing integration with the Paragon group and our commitment to continue to offer the very best solutions for our customers, most notably our expansion into new key European financial centres including Luxembourg and Dublin. This investment builds on Paragon Customer Communications' cross-border expertise and presence

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.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Auditors

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

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



J E C Walters
Director

Date: 2 February 2021

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

Opinion

We have audited the financial statements of Paragon Customer Communications (Redruth) Limited (the 'Company') for the year ended 30 June 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED (CONTINUED)

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.:

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

Use of our report

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



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

4 February 2021

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 000	2019 £000
Turnover	4	15,881	14,586
Cost of sales		(11,222)	(10,806)
Gross profit		4,659	3,780
Distribution costs		(2)	(5)
Administrative expenses		(6,859)	(4,606)
Operating loss	5	(2,202)	(831)
Interest payable and expenses	8	(9)	(11)
Loss before tax		(2,211)	(842)
Loss for the financial year		(2,211)	(842)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

All amounts relate to continuing operations.

The notes on pages 16 to 31 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED
REGISTERED NUMBER: 01626027

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	110	223
Tangible assets	11	370	360
		<u>480</u>	<u>583</u>
Current assets			
Stocks	12	153	208
Debtors: amounts falling due within one year	13	5,658	3,704
Cash at bank and in hand	14	1	1
		<u>5,812</u>	<u>3,913</u>
Creditors: amounts falling due within one year	15	(3,343)	(1,897)
Net current assets		<u>2,469</u>	<u>2,016</u>
Total assets less current liabilities		<u>2,949</u>	<u>2,599</u>
Creditors: amounts falling due after more than one year	16	(1,135)	(1,209)
Provisions for liabilities			
Other provisions	18	(2,666)	(31)
		<u>(2,666)</u>	<u>(31)</u>
Net (liabilities)/assets		<u><u>(852)</u></u>	<u><u>1,359</u></u>
Capital and reserves			
Called up share capital	19	650	650
Share premium account		5,662	5,662
Capital redemption reserve		50	50
Other reserves		1,689	1,689
Profit and loss account		(8,903)	(6,692)
		<u><u>(852)</u></u>	<u><u>1,359</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J E C Walters

Director

Date: 2 February 2021

The notes on pages 16 to 31 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2019	650	5,662	50	1,689	(6,692)	1,359
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,211)	(2,211)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(2,211)	(2,211)
Total transactions with owners	-	-	-	-	-	-
At 30 June 2020	650	5,662	50	1,689	(8,903)	(852)

The notes on pages 16 to 31 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2018	650	5,662	50	1,689	(5,850)	2,201
Comprehensive income for the year						
Loss for the year	-	-	-	-	(842)	(842)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(842)	(842)
Total transactions with owners	-	-	-	-	-	-
At 30 June 2019	650	5,662	50	1,689	(6,692)	1,359

The notes on pages 16 to 31 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

1. General information

Paragon Customer Communications (Redruth) Limited is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

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

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the impact of the outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

2.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and discounts.

Print mail

Turnover is recognised based upon the number of packages or items printed and delivered to or mailed on behalf of clients at the point of dispatch.

Services

Development and consulting services are provided on a time and material basis. The revenue is recognised as the service provided. Turnover provided under a fixed price contract is recognised on a percentage of completion basis.

2.5 Computer Software

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software are considered to have a finite useful life of three years and amortised over this period. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- shorter of the remaining lease period or 10 years
Plant and machinery	- 4 - 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Impairment

The company performs impairment reviews in respect of both tangible and intangible 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 the net realisable value and its value in use, is less than its carrying amount.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.8 Pensions

Defined contribution pension plan

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

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

2.9 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.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

2. Accounting policies (continued)

2.10 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 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.

Any provision for impairment of trade debtors is established where there is evidence that the company will not be able to collect all amounts due. The provision is determined by reference to previous experience of collectability relevant to the specific customer.

2.12 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.

2.13 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.

2.14 Provisions

Provisions are recognised where the company is deemed to have a legal or constructive obligation, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Provisions for dilapidations represent the estimated cost of repairs required under all current property rentals prior to the end of the lease term.

The provision recognised represents the least cost of exiting by contract offset by any benefits expected to be received under it.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.16 Deferred income on contracts

Deferred income represents items billed in advance for periods of up to 12 months or items which do not yet fulfil the turnover recognition criteria.

2.17 Capital risk management

Capital risk is monitored by the Paragon Customer Communications Limited group management. The group's objectives when managing capital are to safeguard its ability to continue as a going concern and maintain an optimal capital structure to minimise the cost of capital. This is undertaken through changes made to the underlying debt structures within the group and, where appropriate, issuing shares.

2.18 Reserves

The company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve represents the nominal values of shares repurchased by the company. This reserve is non-distributable.
- Other reserves is a non-distributable capital reserve.
- The profit and loss account represents cumulative profits or losses, net of any dividends and other adjustments.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

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 leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of receivables (see note 13)

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

4. Turnover

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

	2020 £000	2019 £000
Printmail	7,649	6,963
Service	8,232	7,623
	<u>15,881</u>	<u>14,586</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	15,672	14,474
Rest of Europe	209	112
	<u>15,881</u>	<u>14,586</u>

5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Exchange differences	10	-
Depreciation	209	532
Amortisation	135	79
Auditor's remuneration	18	18
Operating lease expense - property	1,063	274
Operating lease expense - plant and machinery	45	149

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

6. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	2,700	2,911
Social security costs	256	325
Cost of defined contribution scheme	71	131
	<u>3,027</u>	<u>3,367</u>

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

	2020 No.	2019 No.
Administration	20	37
Production, selling and distribution	63	50
	<u>83</u>	<u>87</u>

7. Directors' remuneration

The directors' remuneration for the period was as follows:

	2020 £000	2019 £000
Remuneration	409	269
	<u>409</u>	<u>269</u>

In respect of the highest paid director:

	2020 £000	2019 £000
Company contributions to money purchase pension schemes	-	-
Remuneration	213	163
	<u>213</u>	<u>163</u>

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

8. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	-	3
Finance leases and hire purchase contracts	9	8
	<u>9</u>	<u>11</u>

9. Taxation

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(2,211)	(842)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(420)	(160)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	4
Capital allowances for year in excess of depreciation	(48)	-
Deferred tax not recognised	307	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(2)	-
Deferred tax expense from unrecognised tax loss or credit	-	156
Remeasurement of deferred tax for changes in tax rates	(207)	-
Group relief	366	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

Legislation has been enacted to reduce the main UK Corporation tax rate from 19% to 17% effective from 1 April 2020. The deferred tax balances have been re-measured at these rates as appropriate.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

10. Intangible assets

	Computer software £000
Cost	
At 1 July 2019	993
Additions	22
At 30 June 2020	<u>1,015</u>
Amortisation	
At 1 July 2019	770
Charge for the year on owned assets	135
At 30 June 2020	<u>905</u>
Net book value	
At 30 June 2020	<u><u>110</u></u>
At 30 June 2019	<u><u>223</u></u>

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

11. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 July 2019	107	4,152	4,259
Additions	-	219	219
Disposals	-	(130)	(130)
At 30 June 2020	<u>107</u>	<u>4,241</u>	<u>4,348</u>
Depreciation			
At 1 July 2019	100	3,799	3,899
Charge for the year on owned assets	3	206	209
Disposals	-	(130)	(130)
At 30 June 2020	<u>103</u>	<u>3,875</u>	<u>3,978</u>
Net book value			
At 30 June 2020	<u>4</u>	<u>366</u>	<u>370</u>
At 30 June 2019	<u>7</u>	<u>353</u>	<u>360</u>

12. Stocks

	2020 £000	2019 £000
Raw materials and consumables	93	170
Work in progress (goods to be sold)	60	38
	<u>153</u>	<u>208</u>

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

13. Debtors

	2020 £000	2019 £000
Trade debtors	1,869	2,912
Amounts owed by group undertakings	3,284	466
Other debtors	405	181
Prepayments and accrued income	100	145
	<u>5,658</u>	<u>3,704</u>

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

14. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	1	1
	<u>1</u>	<u>1</u>

15. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	2,376	955
Amounts owed to group undertakings	28	7
Other taxation and social security	687	271
Obligations under finance lease and hire purchase contracts	77	63
Other creditors	28	28
Accruals and deferred income	147	573
	<u>3,343</u>	<u>1,897</u>

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

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

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

	2020 £000	2019 £000
Net obligations under finance leases and hire purchase contracts	-	74
Amounts owed to group undertakings	1,135	1,135
	<u>1,135</u>	<u>1,209</u>

Amounts owed to group undertakings are unsecured and do not bear any interest.

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £000	2019 £000
Within one year	-	71
Between 1-5 years	-	81
	<u>-</u>	<u>152</u>
Less: Finance charges	-	15
Carrying amount of liability	<u>-</u>	<u>137</u>

18. Provisions

	Dilapidation £000	Other provision £000	Total £000
At 1 July 2019	31	-	31
Charged to profit or loss	76	2,559	2,635
At 30 June 2020	<u>107</u>	<u>2,559</u>	<u>2,666</u>

Other provision consist of restructuring, rent and labour costs as a result of the decision by the Directors to close Redruth site and relocate the work undertaken by the company to other sites of Paragon Customer Communications group.

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

19. Share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
650,000 (2019 - 650,000) Ordinary shares of £1.00 each	650	650

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the scheme and amounted to £70,978 (30 June 2019 - £109,374). Contributions totalling £545 (30 June 2019 - £7,278) were payable to the fund at the reporting date.

21. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Not later than 1 year	336	459
Later than 1 year and not later than 5 years	729	1,005
	1,065	1,464

The company had no other balance sheet engagement.

22. Related party transactions

The company has taken advantage of the exemption, under FRS 33 (a), from disclosing related party transactions as they are all with other companies that are wholly owned by Paragon Customer Communications Limited.

23. Ultimate parent undertaking and controlling party

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

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

PARAGON CUSTOMER COMMUNICATIONS (REDRUTH) LIMITED

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

24. Subsequent event

Following a review of the operations of the Redruth site where the company's operations is based, the Directors have decided to relocate the work undertaken for customers to other parts of the Paragon Customer Communications group and close the site. This decision was made after a review of the investment requirements of the Redruth and the limitations for growth within the site. All employees have been consulted throughout the closure process and the business expects to complete the transfer of operational activities by 31st March 2021.