

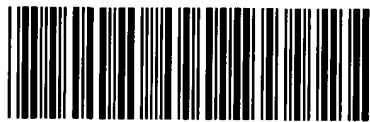


DX Secure Mail Limited

Report and financial statements
for the year ended 30 June 2016

Company number 05844344

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DX Secure Mail Limited

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DX Secure Mail Limited

Directors and advisers**Directors**

Petar Cvetkovic
Daljit Basi

Company secretary

Zoe Pepper

Auditor

KPMG LLP
Arlington Business Park
Theale
Reading RG7 4SD

Bankers

HSBC Bank plc
26 Broad Street
Reading
Berkshire RG1 2BU

Solicitor

White & Case LLP
DX307403 CHEAPSIDE

5 Old Broad Street
London
EC2N 1DW

Registered office

DX1 Ditton Park

Ditton Park
Riding Court Road
Datchet
Berkshire
SL3 9GL

Registered number

05844344

Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2016.

Activities

The Company's principal activity is that of a holding company.

Results and dividends

The Company acts as an intermediate holding company within the DX Group (the group of companies headed by DX (Group) plc).

The profit for the financial year after taxation was £0.2 million (2015: £7.8 million profit).

The Company did not declare a dividend during the year (2015: £nil).

The principal risk that the Company is exposed to is impairment of the value of the Company's investments and related balances. The group is managed on a centralised basis and each of the trading companies within the group responds to changes in the economic climate. There are factors outside the group's control which may impact on the value of its investments.

An impairment review has been undertaken as at 30 June 2016. No changes have been made to the carrying value of the Company's investments as a result.

At the end of the year the Company's only borrowings were £0.8 million of loans from group companies.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

Share capital

Details of the Company's share capital are shown in note 10 to the financial statements.

Directors

The directors at the end of the financial year were as follows:

Petar Cvetkovic
Ian Pain

The following changes have taken place subsequent to the year end:

Ian Pain	Resigned 31/10/2016
Daljit Basi	Appointed 31/10/2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to s487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore KPMG LLP will continue in office.

Directors' report

Statement of directors' responsibilities

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Company is exempt from the requirements to prepare a strategic report in accordance with s414B of the Companies Act 2006.

Directors' and officers' insurance and indemnities

The Company maintains appropriate directors' and officers' liability insurance for the benefit of the directors.

Approved by the board and signed on its behalf by:



Daljit Basi

Director

30 March 2017

DX1 Ditton Park

Ditton Park
Riding Court Road
Datchet
Berkshire
SL3 9GL

Registered in England and Wales No. 05844344

**Independent auditor's report
to the members of DX Secure Mail Limited**

We have audited the financial statements of DX Secure Mail Limited for the year ended 30 June 2016 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the Company's members, as a body, 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 auditor's 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report
to the members of DX Secure Mail Limited**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Derek McAllan (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

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DX Secure Mail Limited**Profit and loss account and other comprehensive income
for the year ended 30 June 2016**

	Notes	2016 £m	2015 £m
Exceptional items	3	-	7.2
Operating profit		-	7.2
Dividend received from subsidiary undertaking		-	0.5
Profit before interest		-	7.7
Interest receivable and similar income	4	0.2	0.4
Interest payable and similar charges	4	-	(0.2)
Profit before tax		0.2	7.9
Tax expense	5	-	(0.1)
Profit for the year	11	0.2	7.8
Other comprehensive income		-	-
Total comprehensive income for the year		0.2	7.8

All results are derived from continuing operations.

**Statement of changes in equity
for the year ended 30 June 2016**

	Share capital £m	Profit and loss account £m	Total £m
At 1 July 2014	-	0.7	0.7
Profit for the year	-	7.8	7.8
Other comprehensive income	-	-	-
At 30 June 2015	-	8.5	8.5
Profit for the year	-	0.2	0.2
Other comprehensive income	-	-	-
At 30 June 2016	-	8.7	8.7

The notes on pages 8 to 13 form part of these financial statements.

DX Secure Mail Limited**Balance sheet
as at 30 June 2016**

	Notes	2016 £m	2015 £m
Non-current assets:			
Investments	6	9.5	8.9
		9.5	8.9
Current assets:			
Debtors	7	0.1	0.5
Creditors: amounts falling due within one year	8	(0.1)	(0.1)
Net current assets		-	0.4
Total assets less current liabilities		9.5	9.3
Creditors: amounts falling due after more than one year	9	(0.8)	(0.8)
Net assets		8.7	8.5
Capital and reserves:			
Share capital	10, 11	-	-
Profit and loss account	11	8.7	8.5
Surplus on shareholder's funds	11	8.7	8.5

The financial statements of DX Secure Mail Limited, registered number 05844344, were approved and authorised for issue by the board of directors on 30 March 2017 and signed on its behalf by:



Daljit Basi
Director

The notes on pages 8 to 13 form part of these financial statements.

**Notes to the financial statements
for the year ended 30 June 2016**

1 Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

DX Secure Mail Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

In the transition to FRS 101 from old UK GAAP, the Company has made no measurement or recognition adjustments.

The Company's ultimate parent undertaking, DX (Group) plc includes the Company in its consolidated financial statements. The consolidated financial statements of DX (Group) plc are prepared in accordance with International Financial Reporting Standards (as adopted by the EU) and are available to the public and may be obtained from Ditton Park, Riding Court Road, Datchet, Berkshire, SL3 9GL.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Measurement convention

The financial statements are prepared on the historical cost basis.

**Notes to the financial statements
for the year ended 30 June 2016**

1 Significant accounting policies (continued)

Judgements and estimates

The preparation of financial information in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual amounts ultimately may differ from those estimates. Such estimates include the review of the carrying value of the company's assets.

Group financial statements

The Company is a wholly owned subsidiary of DX (Group) plc which is incorporated in Great Britain and registered in England and Wales, and which has prepared consolidated financial statements to 30 June 2016. Therefore as the Company is exempt from the obligation to prepare and deliver group financial statements, the financial statements only present information about the Company as an individual undertaking, not about its group.

Going concern

The current economic conditions create uncertainty over the level of demand for the services provided by the DX Group. After consideration of the DX Group's forecasts and projections, taking account of reasonably possible changes in trading performance and access to available banking facilities, the directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Investments

Fixed asset investments in subsidiaries are shown at cost less any provision for impairment.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, loans and borrowings, and trade and other creditors.

(a) Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(c) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Taxation

Tax on the profit or loss for the year is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Notes to the financial statements
for the year ended 30 June 2016****1 Significant accounting policies (continued)****Exceptional items**

The Company treats certain items which are considered to be one-off and not representative of the underlying results of the Company as exceptional in nature.

The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be classified as exceptional items. The directors consider that separate disclosure of these items is relevant to an understanding of the Company's financial performance.

2 Operating costs

No amounts for Directors' remuneration was paid by the Company. £695,000 (2015: £820,000) remuneration was paid to the directors by the ultimate parent company for qualifying services to the group as a whole. The highest paid director received total remuneration of £375,000 (2015: £500,000).

Auditor's remuneration for the audit of the statutory financial statements amounted to £1,500 (2015: £1,500) and was borne by another group company.

The Company had no employees in the current or previous year.

Fees payable to the Company's auditor for non-audit services were £nil (2015: £nil).

3 Exceptional items

In the prior year the trade and assets of the Company's subsidiary undertaking, DX Secure Limited, were transferred in entirety to a fellow subsidiary undertaking. Accordingly, the existing loan due from DX Secure Limited was re-assigned to the fellow subsidiary, and following a review of the carrying value of this loan by the directors, it was deemed that the existing provision of £7.2 million in place should be written back.

4 Finance

	2016 £m	2015 £m
Interest receivable and similar income:		
Group interest receivable	0.2	0.4
Total interest receivable and similar income	0.2	0.4
Interest payable and similar charges:		
Group interest payable	-	0.2
Total interest payable and similar charges	-	0.2

DX Secure Mail Limited**Notes to the financial statements
for the year ended 30 June 2016****5 Tax expense****(a) Analysis of charge in year**

	2016 £m	2015 £m
Current tax:		
United Kingdom corporation tax	-	-
Group relief receivable from group undertakings	-	0.1
Tax expense	-	0.1

(b) Factors affecting the tax charge for year

The tax assessed for the year is in line with the standard rate of corporation tax in the UK of 20.0% (2015: 20.75%):

	2016 £m	2015 £m
Profit before tax	0.2	7.8
Profit before tax at the standard rate of UK corporation tax of 20.0% (2015: 20.75%)	-	(1.6)
Impairment provision written back	-	1.5
Tax expense	-	0.1

(c) Factors that may affect future tax charges

The UK corporation tax rate is 20% with effect from 1 April 2015. Reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

6 Investments

	Shares in group companies £m	Loans to group companies £m	Total £m
Cost:			
At 1 July 2015	-	8.9	8.9
Additions	-	0.6	0.6
At 30 June 2016	-	9.5	9.5
Provisions:			
At 1 July 2015 and 30 June 2016	-	-	-
Net book value:			
At 30 June 2016	-	9.5	9.5
At 30 June 2015	-	8.9	8.9

Loans to group companies bear interest at the interest rate payable by the group on its bank borrowings and are repayable no earlier than 30 June 2020.

DX Secure Mail Limited

Notes to the financial statements for the year ended 30 June 2016

6 Investments (continued)

At 30 June 2016 DX Secure Mail Limited owned, directly or indirectly, 100% of each class of issued shares of the following companies:

	Principal activity
Directly owned:	
DX Secure Limited	In Members' Voluntary Liquidation
DX (EBT Trustees) Limited	Dormant
Indirectly owned:	
Special Mail Services Limited	Dormant

The above companies are registered and operate in England and Wales.

In the prior year the trade and assets of DX Secure Limited were transferred in entirety to a fellow subsidiary undertaking. Further to the completion of the transfer, the resulting non-trading shell company subsidiary has no assets or third party liabilities and is being eliminated by way of a Members' Voluntary Liquidation. Accordingly, the Company's investment in DX Secure Limited has been accounted for as being disposed of upon entering Members' Voluntary Liquidation.

7 Debtors

	2016 £m	2015 £m
Amounts due from group companies	0.1	0.1
Group relief receivable from group companies	-	0.4
	0.1	0.5

Amounts due from group companies are unsecured, interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2016 £m	2015 £m
Amounts owed to group companies	0.1	0.1
	0.1	0.1

Amounts owed to group companies are unsecured, interest free and repayable on demand.

9 Creditors: amounts falling due after more than one year

	2016 £m	2015 £m
Loan from fellow subsidiary undertaking	0.8	0.8
	0.8	0.8

Loans from group companies bear interest at the interest rate payable by the group on its bank borrowings and are repayable no earlier than 30 June 2020.

DX Secure Mail Limited

Notes to the financial statements for the year ended 30 June 2016

10 Share capital

Allotted, called up and fully paid:

	No	2016 £m	No	2015 £m
Ordinary shares of £1 each	1	-	1	-

The Company has one class of ordinary shares which carry no right to fixed income.

There were no changes to share capital during the year.

11 Shareholder's funds

	Share capital £m	Profit and loss account £m	Total £m
At 1 July 2014	-	0.7	0.7
Profit for the year	-	7.8	7.8
At 30 June 2015	-	8.5	8.5
Profit for the year	-	0.2	0.2
At 30 June 2016	-	8.7	8.7

12 Contingencies

The Company has provided a cross guarantee in respect of amounts outstanding under the group's £10.0 million bank term loan facilities, of which £7.6 million was outstanding at 30 June 2016 (2015: £8.8 million).

No provisions are required or have been made in respect of this contingency since, in the opinion of the directors, it is not expected to result in financial loss for the Company.

13 Parent undertaking and controlling party

In the opinion of the directors, the Company's ultimate parent undertaking and controlling party at 30 June 2016 was DX (Group) plc, a company incorporated in England and Wales whose registered office is at Ditton Park, Riding Court Road, Datchet, Berkshire, SL3 9GL.

DX (Group) plc is also both the smallest and the largest group into which the Company's results are consolidated. Copies of the annual report and financial statements of DX (Group) plc may be obtained from the registered office.