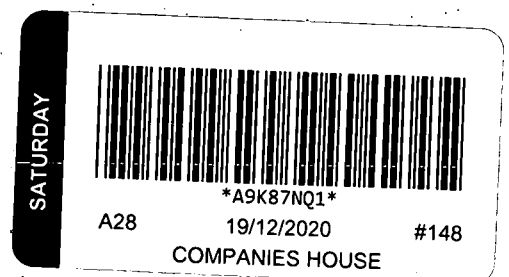


Registration number: 01273274

# Pitney Bowes Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



# **Pitney Bowes Holdings Limited**

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## **Pitney Bowes Holdings Limited**

### **Company Information**

<b>Directors</b>	G R Willsher R Higginson
<b>Registered office</b>	Building 5 Trident Place Hatfield Business Park, Mosquito Way Hatfield Hertfordshire AL10 9UJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 1 Harefield Road Uxbridge UB8 1EX, United Kingdom

## **Pitney Bowes Holdings Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company is that of a holding company.

#### **Fair review of the business**

The Company made a profit for the financial year of £34,348,000 (2018: £369,000). The net assets of the Company at 31 December 2019 were £202,239,000 (2018: £221,792,000).

The Company is part of the wider Pitney-Bowes Group.

The Pitney Bowes Group is a global technology company providing commerce solutions that power billions of transactions. Clients around the world rely on the accuracy and precision delivered by our solutions; analytics and application programming interface (API) technology in the areas of ecommerce fulfilment, shipping and returns, cross-border ecommerce, office mailing and shipping, and financing.

Our business in the UK is organised around two distinct sets of solutions – Sending Technology Solutions (previously known as Small and Medium Business Solutions) and Global Ecommerce.

#### **Sending Technology Solutions**

We offer our clients sending technology solutions for physical and digital mailing, shipping, supplies and other applications to help simplify and save on the sending, tracking and receiving of letters and packages. Our cloud enabled infrastructure provides software-as-a-service (SaaS) offerings delivered online and via connected or mobile devices. Our latest offerings are designed on an open platform architecture that has the capabilities to leverage partnerships with other innovative companies and developers to deliver new value to our clients. We also offer a variety of solutions that enable clients to finance equipment and product purchases, make rental and lease payments, replenish postage and purchase supplies.

#### **Global Ecommerce**

Cross-border solutions manages all aspects of the international shopping and shipping experience. Our proprietary technology enables global tracking and logistics services; calculates duty, tax and shipping costs at checkout; enables multi currency pricing, payment processing and fraud management; ensures compliance with product restrictions and produces all documentation requirement to meet export complexities and customs clearance. Our proprietary technology is utilised by direct merchants and major online marketplaces facilitating millions of parcels to be shipped worldwide.

Shipping solutions enable clients to reduce transportation and logistics costs, select the best carrier based on need and cost, improve delivery times and track packages in real time. Powered by our shipping APIs, an integral part of the Pitney Bowes Commerce Cloud, clients can purchase postage, print shipping labels and access shipping and tracking services that can easily be integrated into any web application such as online shopping carts or ecommerce sites and provide guaranteed delivery times and flexible payment options.

We continue to invest in our current technologies, products and solutions, and in the development of new technologies, products and solutions in order to maintain and improve our competitive position. We have made, and are continuing to make, significant investments in the branding of the company in order to build market awareness and client demand for all our products and services. We are also making investments in marketing in support of the Company's brand and business strategy. Our website ([www.pitneybowes.com/uk](http://www.pitneybowes.com/uk)) is designed to enhance our operational and go-to-market changes, including how we sell to and serve our clients.

#### **Key Performance Indicators**

The company does not have any specific key performance indicators as it is a holding company only.

## **Pitney Bowes Holdings Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Principal risks and uncertainties**

Our business faces certain risks which we consider and manage on a proactive basis.

##### **Covid-19**

Like many businesses, the Pitney Bowes Group is exposed to the effects of the Covid-19 pandemic, however there is no direct impact on Pitney Bowes Holdings Limited as it is a holding company. Management have assessed that there is no risk to the valuation of investments in fellow Group companies, or to the recoverability of receivable and payable balances with other Group entities, as a result Covid-19.

After considering the above factors, the directors are confident the company will continue for the foreseeable future and that it is appropriate to apply the going concern basis in the preparation of the financial statements.

##### **Competition**

Our business competes with a number of companies, our competitors ranging from large multinationals to smaller more narrowly focused regional and local firms. We must continue to invest in our technologies, products and solutions, and in the development of new technologies, products and solutions in order to maintain and improve our competitive position.

##### **Postal regulations and processes**

A significant portion of our revenue and profitability is directly or indirectly subject to regulation and oversight by postal authorities. We depend on a health postal sector which could be influenced, positively or negatively, by legislative or regulatory changes.

##### **Lower profit margins**

As we transform our business to more digital and commerce services, our profit margins will be lower and, if we cannot reduce our costs, our earnings could be impacted. We expect overall profit margins to continue to be impacted as a result of a change of mix from higher margin Sending Technology Solutions to Global Ecommerce.

##### **Customs and regulatory risks**

The international nature of our Global Ecommerce business subjects us to increased customs and regulatory risks from cross-border transactions, and fluctuations in foreign currency exchange rates.

Approved by the Board on 9/12/20 and signed on its behalf by:



.....  
G R Willsher  
Director

## **Pitney Bowes Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

#### **Directors of the company**

The directors of the company who held office during the year were and up to the date of signing the financial statements were as follows:

G R Willsher

R Higginson

#### **Dividends**

The Directors proposed an ordinary share dividend payment of £53,900,000 (2018: £nil).

#### **Financial instruments**

##### ***Objectives and policies***

The Company's financial instruments comprise cash and various items such as debtors and creditors that arise directly from its operations. All financial assets and liabilities are recorded at historical cost. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. Similarly, the Company did not undertake any financial hedging arrangements during the year under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year end. The main risks arising from the Company's financial instruments are liquidity risks and interest rate risks.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

###### **Liquidity Risk**

Through cash flow forecasting the Company monitors working capital and expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations as they fall due.

###### **Interest Rate Risk**

We manage our exposure to changes in interest rate by limiting its impact on earnings and cash flows. The company finances its operations through shareholders' funds and working capital and only has exposure to interest rate fluctuations on its cash balances.

###### **Fair value**

The fair values of the financial assets and liabilities approximate to their book values.

#### **Future developments**

The company is expected to continue in its capacity as a holding company and no significant future developments are anticipated.

#### **Going concern**

The directors believe in the company's ability to continue as a going concern and to meet its financial obligations as they fall due for a period of at least twelve months from the date of signing these financial statements.

## **Pitney Bowes Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Section 172 statement**

Section 172 requires a Director to have regard to the following matters, among others, when discharging their duty: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company.

The Company is wholly owned by Pitney Bowes Holdco Limited and has no employees, customers or suppliers, however, as a subsidiary holding company within the Pitney Bowes Group ("the Group"), the Directors consider the impact of the Company's activities on its shareholder, its subsidiaries, the Pitney Bowes businesses that have an interest in the Company's investments and other stakeholders.

The Directors provide the highest standards of governance to ensure that they comply with the Group's policies and maintain high standards of business conduct.

The Company engages with its shareholder on an ad hoc basis on requests for investment and financial matters, including additional capital distributions or funding. The Directors assess such requests in light of the Company's minimum capital requirements to maintain profitability in the long term. Any decisions taken will be aligned to the strategy and standards of the Pitney Bowes Group and be made in the best interests of all stakeholders.

The Board's principal decision during the year was to approve the payment of an interim dividend to its immediate parent. The Board considered the long-term consequences of paying up its distributable reserves and considered on balance it was in the best interest of its stakeholders as a whole.

The Pitney Bowes Annual Report 2019 and Pitney Bowes Corporate Responsibility Report 2019 contain detailed information on stakeholder activities and considerations undertaken within the Group.

#### **Directors' liabilities**

The Directors have the benefit of an indemnity which is a qualifying third party provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

## **Pitney Bowes Holdings Limited**

### **Statement of Directors' Responsibilities in Respect of the Financial Statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### ***Directors' confirmations***

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 9/12/20 and signed on its behalf by:



G R Willsher  
Director



# **Pitney Bowes Holdings Limited**

## **Independent auditors' report to the members of Pitney Bowes Holdings Limited**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Pitney Bowes Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet at 31 December 2019; the Profit and Loss Account, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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
- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### **Reporting on other information**

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

# **Pitney Bowes Holdings Limited**

## **Independent auditors' report to the members of Pitney Bowes Holdings Limited (continued)**

### **Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Pitney Bowes Holdings Limited**

### **Independent auditors' report to the members of Pitney Bowes Holdings Limited (continued)**

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#### **Other required reporting**

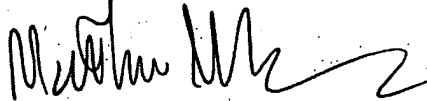
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##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford

23 December 2020

# **Pitney Bowes Holdings Limited**

## **Profit and Loss Account for the Year Ended 31 December 2019**

	Note	2019 £ 000	2018 £ 000
Turnover		-	-
Operating profit/(loss)		-	-
Other interest receivable and similar income	3	34,348	369
Amounts written off investments		(14,549)	-
		19,799	369
Profit before tax		19,799	369
Taxation	6	-	-
Profit for the financial year		19,799	369

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**Pitney Bowes Holdings Limited**

**(Registration number: 01273274)**  
**Balance Sheet as at 31 December 2019**

	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Investments	7	154,964	169,513
<b>Current assets</b>			
Debtors	8	32,500	51,902
Cash at bank and in hand	9	227	377
		<u>32,727</u>	<u>52,279</u>
<b>Net assets</b>		<u>187,691</u>	<u>221,792</u>
<b>Capital and reserves</b>			
Called up share capital	10	97,000	97,000
Share premium account		5,052	5,052
Profit and loss account		<u>85,639</u>	<u>119,740</u>
<b>Total equity</b>		<u>187,691</u>	<u>221,792</u>

Approved and authorised by the Board on **9/12/20** and signed on its behalf by:



.....  
G R Willsher  
Director

**Pitney Bowes Holdings Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2019**

	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2019	97,000	5,052	119,740	221,792
Profit for the financial year	-	-	19,799	19,799
Total comprehensive income	-	-	19,799	19,799
Dividends	-	-	(53,900)	(53,900)
At 31 December 2019	<u>97,000</u>	<u>5,052</u>	<u>85,639</u>	<u>187,691</u>
	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2018	97,000	-	119,371	216,371
Profit for the financial year	-	-	369	369
Total comprehensive income	-	-	369	369
New share capital subscribed	-	5,052	-	5,052
At 31 December 2018	<u>97,000</u>	<u>5,052</u>	<u>119,740</u>	<u>221,792</u>

## **Pitney Bowes Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

Building 5 Trident Place  
Hatfield Business Park, Mosquito Way  
Hatfield  
Hertfordshire  
AL10 9UJ  
United Kingdom

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

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

##### **Summary of 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", and consent has been obtained from the shareholders in order to take these exemptions:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- 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 Pitney Bowes Inc. These financial statements may be obtained from Pitney Bowes Inc, 3001 Summer Street, Stamford, CT 06926.

## **Pitney Bowes Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The financial statements have been prepared on a going concern basis.

The directors believe in the company's ability to continue as a going concern and to meet its financial obligations as they fall due for a period of at least twelve months from the date of signing these financial statements.

##### **Exemption from preparing group financial statements**

The financial statements contain information about Pitney Bowes Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Pitney Bowes Inc., a company incorporated in the United States of America.

##### **Use of critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### **Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### **Taxation**

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### **Summary of significant accounting policies**

##### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.



## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### Trade debtors

Trade and other receivables, including loans receivable from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Both are subsequently measured at amortised cost using the effective interest method.

##### Trade creditors

Trade and other payables, including loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Both are subsequently measured at amortised cost using the effective interest method.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### Financial instruments

###### Recognition and measurement

Section 11 and 12 of FRS 102 is applied for the recognition and measurement of all financial instruments.

#### 3 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable from group companies	346	369
Interest income on bank deposits	2	-
Dividend income	34,000	-
	<u>34,348</u>	<u>369</u>

Dividend income relates to dividends received from subsidiary undertaking, Pitney Bowes Finance Limited, during the year.

## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 4 Directors' remuneration

The emoluments of all Directors are paid by other Pitney Bowes' entities, with no recharge made to the company (2018: £nil). It is therefore not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the following companies:

G R Willsher: Pitney Bowes Limited  
R Higginson: Pitney Bowes Limited

#### 5 Auditors' remuneration

The auditors' remuneration for the year was £4,120 (2018: £4,120) and was borne by another group company.

#### 6 Taxation

Tax charged/(credited) in the income statement

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
UK corporation tax	-	-
Total current income tax	-	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	19,799	369
Corporation tax at standard rate	3,762	70
Tax decrease arising from group relief	(164)	(140)
Tax increase from transfer pricing adjustments	98	70
Other tax effects for reconciliation between accounting profit and tax expense (income)	(3,696)	-
Total tax charge/(credit)	-	-

Changes to the UK Corporation tax rates were substantively enacted on 7 September 2016 to reduce the main rate of Corporation tax to 17% from 1 April 2020 and deferred tax balances at the Balance Sheet date have been measured using this rate. Subsequent to the Balance Sheet date, a further change was substantively enacted on 17 March 2020 to maintain the rate at 19%.

## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Investments

	2019 £ 000	2018 £ 000
Investments in subsidiaries	<u>154,964</u>	<u>169,513</u>
<b>Subsidiaries</b>		<b>£ 000</b>
<b>Cost or valuation</b>		
At 1 January 2019 and 2017		169,513
<b>Provision</b>		
Provision		<u>14,549</u>
<b>Carrying amount</b>		
At 31 December 2019		<u><u>154,964</u></u>
At 31 December 2018		<u><u>169,513</u></u>

During the year, the carrying value of the Company's investment in Borderfree Limited was impaired by £14,549,000.

Investments in Pitney Bowes Oy, Pitney Bowes Svenska AB, Pitney Bowes Norge AS and Pitney Bowes Denmark AS were sold during the year. These were indirectly owned by the Company so no gain or loss is reported in these accounts.

Details of the investments (including principal place of business of unincorporated entities) in which the company directly or indirectly holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Pitney Bowes International Finance Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ United Kingdom	Ordinary	100%	100%
Pitney Bowes Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Pitney Bowes Finance Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
OldMS Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%

## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Investments (continued)

Pitney Bowes Finance Ireland Limited	Clarity house, Belgard Road, Tallagh, Dublin 24 D24 Y6DF	Ordinary	100%	100%
Pitney Bowes Oy	PL 109 00211 Helsinki	Ordinary	0%	100%
Pitney Bowes Svenska AB	P.O. Box 408, 191 24 Sollentuna	Ordinary	0%	100%
Pitney Bowes Norge AS	Stålfjæra 26, 0975 Oslo	Ordinary	0%	100%
Pitney Bowes Ireland Limited	Clarity House, Belgard Road, Tallaght, Dublin 24 D24 Y6DF	Ordinary	100%	100%
The Pitney Bowes Pension Fund Trustee Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Pitney Bowes Denmark AS	Herstedostervej 27 29, DK 2620 Albertslund, Denmark	Ordinary	0%	100%
Borderfree UK Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Borderfree Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%

## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Investments (continued)

##### Details of undertakings

The principal activity of Pitney Bowes International Finance Limited is financial services.

The principal activity of Pitney Bowes Limited is equipment sales.

The principal activity of Pitney Bowes Finance Limited is equipment leasing.

The principal activity of OldMS Limited is non-trading.

The principal activity of Pitney Bowes Finance Ireland Limited is equipment leasing.

The principal activity of Pitney Bowes Oy is equipment sales.

The principal activity of Pitney Bowes Svenska AB is equipment sales.

The principal activity of Pitney Bowes Norge AS is equipment sales.

The principal activity of Pitney Bowes Ireland Limited is equipment sales.

The principal activity of The Pitney Bowes Pension Fund Trustee Limited is non-trading.

The principal activity of Pitney Bowes Denmark AS is equipment sales.

The principal activity of Borderfree UK Limited is software and professional services.

The principal activity of Borderfree Limited is software and professional services.

#### 8 Debtors

	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	32,500	51,902
	<u>32,500</u>	<u>51,902</u>

Amounts owed by group undertakings comprise a loan of £32,000,000 which is unsecured, non-interest bearing and repayable on demand, and £500,000 which is unsecured, repayable on demand and bears interest at 0.3%.

#### 9 Cash at bank and in hand

	2019 £ 000	2018 £ 000
Cash at bank	227	377

## Pitney Bowes Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Called up share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>

#### 11 Dividends

	2019 £ 000	2018 £ 000
Final dividend of £Nil (2018 - £Nil) per ordinary share	<u>53,900</u>	<u>-</u>

#### 12 Parent and ultimate parent undertaking

The company's immediate parent is Pitney Bowes Holdco Limited, incorporated in United Kingdom.

The ultimate parent is Pitney Bowes Inc, incorporated in United States of America.

The most senior parent entity producing publicly available financial statements is Pitney Bowes Inc. These financial statements are available upon request from Pitney Bowes Inc, 3001 Summer Street, Stamford, CT 06926. Pitney Bowes Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

#### 13 Post balance sheet events

Like many businesses, the Pitney Bowes Group is exposed to the effects of the Covid-19 pandemic, however there is no direct impact on Pitney Bowes Holdings Limited as it is a holding company. Management have assessed that there is no risk to the valuation of investments in fellow Group companies, or to the recoverability of receivable and payable balances with other Group entities, as a result Covid-19.

After considering the above factors, the directors are confident the company will continue for the foreseeable future and that it is appropriate to apply the going concern basis in the preparation of the financial statements.