

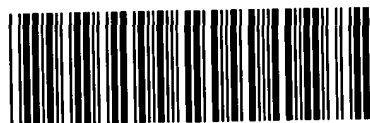
Registered number: 02788181

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

COMPANY INFORMATION

Directors	P J Crean L T Salmon J E C Walters
Company secretary	R J Cahill
Registered number	02788181
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 (LONDON) LIMITED

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PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Principal activities

Paragon Customer Communications (London) Limited provides a range of services in the process of data, printing, mailing, distribution and the distribution of information via the internet.

Business review

The results for the company for the year show a profit before taxation of £14.4 million (30 June 2020 - £0.4 million profit) and turnover of £214.1 million (30 June 2020 - £169.4 million). The directors have not proposed or paid a dividend during the year (30 June 2020 - £Nil). The net assets position as at the end of the year is £54.5m (30 June 2020 - £39.7m).

The company acquired the trade and assets of FM Business, an arm of Paragon Group UK Limited on 1 October 2020. Also, trade and assets of Paragon Customer Communications (Redruth) Limited and Paragon Customer Communications (Bristol) Limited were transferred and combined with that of the company, these transfer were completed on 31 May 2021 and 30 June 2021 respectively.

The acquisition of FM business has impacted the trading activities of the company positively while the other contributing factors to the 26.4% increase in turnover were the hive over of trade and assets of Paragon Customer Communications (Finsbury Circus) and OT Group carried out during 2019-20 financial year. These series of strategic consolidation were the main reasons for the huge improvements in the operating profit of the company.

However, while none of the business operations of the company were closed during the Covid-19 pandemic the decline in the general business activity resulting from the lockdown has had an impact on the 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 (London) Limited is a wholly owned subsidiary of Paragon Customer Communications Limited (the "group"). Paragon Customer Communications (London) 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

The company continues to develop and provide deep expertise in a full range of market leading integrated solutions that match the demands of an evolving and complex customer communication landscape.

Future developments will include developing solutions unique to Paragon, whilst also integrating best of breed third party software and application to ensure we always offer clients the most up to date and relevant customer communications solutions for their specific challenges. We continue to invest in an infrastructure that enables us to make physical communication more engaging, often using dynamic, variable data combined with interactive formats. Being part of a global group, we benefit from the sharing of knowledge, best practice and research and development, providing world leading applications on both a local and international level.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

Section 172 statement

The Companies Act 2006 (CA2006) sets out a number of general duties which directors owe to the company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors). In 2021 the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the company.

The directors consider that the statement focuses on those risks and opportunities that were of strategic importance to Paragon Customer Communications (London) Limited is consistent with the size and complexity of the company. In the performance of its duty to promote the success of the company, the directors have regard to a number of matters, including listening to and considering the views key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate. Engagement with the company's main stakeholder groups, including our people, customers and suppliers, at all levels of the organisation are contained in the directors report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Paragon Customer Communications Limited, 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.

Coronavirus risk

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

Brexit risk

The UK's decision to leave the EU has had minimal impact on the company and across the group as a whole. Political and economic uncertainty have progressively faded and there has been no significant decline in the value of Sterling. Given the scale of Brexit, the Board continues to monitor whether any further volatility is likely to arise in the short to medium term.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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

Jeremy Walters

J E C Walters
Director

Date: 18/2/2022

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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

Results and dividends

The profit for the year, after taxation, amounted to £15.1m (2020 - £0.2m).

Dividends are disclosed in the strategic report.

Directors

The directors who served during the year were:

P J Crean
L T Salmon
J E C Walters

Going concern

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

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

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

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

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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. The company is a party to Paragon Customer Communications Limited group's debt factoring arrangement which minimizes the issue of 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 (LONDON) LIMITED

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

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.

Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of Paragon Customer Communications (London) 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 (London) Limited for qualifying third party provisions. The indemnity insurance was in place for the whole period and up to the date the financial statements were approved.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

Engagement with suppliers, customers and others

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

Statement of 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 directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors 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 (LONDON) LIMITED

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

Independent auditor

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

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

Jeremy Walters

J E C Walters
Director

Date: 18/2/2022

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

Opinion

We have audited the financial statements of Paragon Customer Communications (London) Limited (the 'Company') for the year ended 30 June 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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


PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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

Use of our report

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



Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
London
Date: 18 February 2022

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

	Note	2021 £000	2020 £000
Turnover	4	214,100	169,393
Cost of sales		(146,087)	(116,156)
Gross profit		68,013	53,237
Distribution costs		(204)	(246)
Administrative expenses		(54,996)	(53,354)
Other operating income	5	1,406	1,139
Operating profit	6	14,219	776
Income from fixed assets investments	9	200	240
Interest payable and expenses	10	(31)	(589)
Profit before tax		14,388	427
Tax on profit	11	666	(196)
Profit for the financial year		15,054	231

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

All amounts relate to continuing operations.

The notes on pages 18 to 42 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED
REGISTERED NUMBER: 02788181

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	33,314	18,137
Tangible assets	13	11,105	4,625
Investments	14	1,756	1,756
		<u>46,175</u>	<u>24,518</u>
Current assets			
Stocks	15	2,456	1,384
Debtors: amounts falling due after more than one year	16	2,564	-
Debtors: amounts falling due within one year	16	162,086	87,010
Cash at bank and in hand	17	38	68
		<u>167,144</u>	<u>88,462</u>
Creditors: amounts falling due within one year	18	(73,819)	(41,652)
Net current assets		<u>93,325</u>	<u>46,810</u>
Total assets less current liabilities		<u>139,500</u>	<u>71,328</u>
Creditors: amounts falling due after more than one year	19	(83,971)	(31,168)
Provisions for liabilities			
Other provisions	22	(756)	(441)
		<u>(756)</u>	<u>(441)</u>
Net assets		<u><u>54,773</u></u>	<u><u>39,719</u></u>
Capital and reserves			
Called up share capital	23	30	30
Share premium account		839	839
Capital contribution reserves		152	152
Profit and loss account		53,752	38,698
		<u><u>54,773</u></u>	<u><u>39,719</u></u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED
REGISTERED NUMBER: 02788181

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021

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

Jeremy Walters

J E C Walters
Director

Date: 18/2/2022

The notes on pages 18 to 42 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

	Called up share capital	Share premium	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2020	30	839	152	38,698	39,719
Comprehensive income for the year					
Profit for the year	-	-	-	15,054	15,054
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,054</u>	<u>15,054</u>
Other comprehensive income for the year					
	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	-	-	-	15,054	15,054
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,054</u>	<u>15,054</u>
Total transactions with owners	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2021	<u>30</u>	<u>839</u>	<u>152</u>	<u>53,752</u>	<u>54,773</u>

The notes on pages 18 to 42 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

	Called up share capital	Share premium	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 July 2019	30	839	152	38,467	39,488
Comprehensive income for the year					
Profit for the year	-	-	-	231	231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-	231	231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	30	839	152	38,698	39,719
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 18 to 42 form part of these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

1. General information

Paragon Customer Communications (London) Limited is a private company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the contents 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 2021 and these financial statements may be obtained from Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

2.3 Consolidation

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.4 Going concern

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

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

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

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

Based on the above, the Directors have, at the date of signing of the accounts, a reasonable expectation that with the support provided from Paragon Group, the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.5 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.

Deferred income on contracts

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

2.6 Government grants

The receipt of funds from government grants is recognised in profit or loss in the same period in which the expense to which it relates is incurred.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid compared to the value of the net assets acquired. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 20 years.

Customer relationships

Customer relationships identified as separable intangible assets in the context of trade and assets deals are capitalised at their fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally 2 - 10 years.

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 five years.

Impairment

The company performs impairment reviews in respect of intangible 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)**2.8 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

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.

The estimated useful lives range as follows:

Short-term leasehold property	- shorter of the remaining lease period or 10 years
Plant and machinery	- 4 - 7 years
Motor vehicles	- 3 - 5 years
Fixtures and fittings	- 3 - 5 years
Computer equipment	- 2 - 3 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 tangible 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.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 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.

2.11 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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.15 Investments

Investments held as fixed assets are shown at costs less provision for impairment.

2.16 Stocks and work in progress

Stock comprising raw materials, consumables and work in progress are valued at the lower of cost and net realisable value, after the allowance for obsolete and slow moving items. Provision is made where necessary for obsolete and slow moving and defective stocks. Work in progress is valued on the basis of direct costs based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2.17 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company to the fund in respect of the year.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.18 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'.

2.19 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.

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.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 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 contribution reserve represents funds injected from the parent company through balances due which have been waived and the accounting for share-based payments.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

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

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

- Determine whether 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 assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether trade and assets deals involving businesses within the larger Paragon Group should be treated as merger or acquisition accounting. Factors taken into consideration is the level of autonomy and decision making right of the target business.

Other key sources of estimation uncertainty

- Intangible assets (see note 12)

Intangible assets are amortised over their useful lives taking into account the probable future economic benefits. The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

- Tangible assets (see note 13)

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.

- Contract accounting

The company applies its policies on turnover and contracts when recognising revenue and profit on partially completed contracts. The application of this policy requires judgements to be made in respect of the total expected costs to complete and the profit margin achievable on each contract. The company has in place established internal review processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

- Impairment of receivables (see note 16)

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

3. Judgments in applying accounting policies (continued)

- Fair value on acquisitions

The carrying value of certain items of the company's assets and liabilities are dependent on the fair values assigned to them when acquired. Judgement is used in assessing these fair values for customer relationships and other intangibles especially where open market valuations are not readily accessible.

4. Turnover

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

	2021 £000	2020 £000
Printmail	71,653	66,319
Services	142,447	103,074
	<u>214,100</u>	<u>169,393</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	199,470	160,191
Rest of Europe	12,306	6,962
Rest of the world	2,324	2,240
	<u>214,100</u>	<u>169,393</u>

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	1,406	1,139
	<u>1,406</u>	<u>1,139</u>

During the financial year, the company received government assistance relating to the wages and salaries costs of employees furloughed under the Coronavirus Job Retention Scheme. Grants received have been recognised using the accrual model in accordance with FRS102 paragraph 24.5,

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Depreciation of tangible assets:		
- owned assets	1,490	1,601
- owned assets under finance lease	473	461
Amortisation of intangible assets	4,520	3,650
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	80	60
Exchange differences	144	21
(Profit)/loss on disposal of fixed assets	(49)	63
Other operating lease rentals		
- plant and machinery	1,404	1,604
- other operating leases	2,227	3,225
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	41,005	36,081
Social security costs	4,131	3,712
Cost of defined contribution scheme	1,083	1,044
	<u> </u>	<u> </u>
	46,219	40,837
	<u> </u>	<u> </u>

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

	2021	2020
	No.	No.
Operations	903	777
Administration	289	308
	<u> </u>	<u> </u>
	1,192	1,085
	<u> </u>	<u> </u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

8. Directors' remuneration

The directors were remunerated through other Paragon UK Group companies and no recharges were made as it was not possible to determine the proportion of the directors' work that was performed for the company.

9. Income from investments

	2021	2020
	£000	£000
Dividends received from joint ventures and associates	200	240

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Loans from group undertakings	-	537
Finance leases and hire purchase contracts	31	42
Other interest payable	-	10
	31	589

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

11. Tax on profit

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	-	26
Adjustments in respect of previous periods	32	30
	<u>32</u>	<u>56</u>
Total current tax	<u>32</u>	<u>56</u>
Deferred tax		
Origination and reversal of timing differences	(531)	17
Adjustment in respect of prior periods	60	207
Effect of tax rate change	(227)	(84)
	<u>(698)</u>	<u>140</u>
Total deferred tax	<u>(698)</u>	<u>140</u>
Taxation on profit on ordinary activities	<u>(666)</u>	<u>196</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

11. Tax on profit (continued)

Factors affecting tax charge for the year

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

	2021 £000	2020 £000
Profit on ordinary activities before tax	14,388	428
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19 %)	2,734	81
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	95
Non-taxable dividend income	(38)	-
Capital allowances for year in excess of depreciation	-	642
Adjustments to tax charge in respect of prior periods	92	237
Deferred tax movement	182	(83)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	62	(18)
Other tax adjustments, reliefs and transfers	229	(87)
Group relief	(3,931)	(671)
Total tax charge for the year	(666)	196

Factors that may affect future tax charges

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Temporary differences have been remeasured using these budget tax rates that are expected to apply when the liability is settled or the asset realised.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

12. Intangible assets

	Customer relationships £000	Computer software £000	Goodwill £000	Total £000
Cost				
At 1 July 2020	15,902	1,572	5,432	22,906
Additions	956	955	15,622	17,533
Intra-group transfers	1,611	148	405	2,164
At 30 June 2021	18,469	2,675	21,459	42,603
Amortisation				
At 1 July 2020	3,512	1,058	199	4,769
Charge for the year on owned assets	3,996	106	418	4,520
At 30 June 2021	7,508	1,164	617	9,289
Net book value				
At 30 June 2021	10,961	1,511	20,842	33,314
At 30 June 2020	12,390	514	5,233	18,137

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

13. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 July 2020	6,929	16,975	232	2,821	4,183	31,140
Additions	682	2,214	-	296	76	3,268
Transfers intra group	206	4,894	-	93	3	5,196
Disposals	-	(2,934)	(161)	-	-	(3,095)
At 30 June 2021	7,817	21,149	71	3,210	4,262	36,509
Depreciation						
At 1 July 2020	6,274	13,509	232	2,397	4,103	26,515
Charge for the year on owned assets	241	1,507	-	146	69	1,963
Disposals	-	(2,913)	(161)	-	-	(3,074)
At 30 June 2021	6,515	12,103	71	2,543	4,172	25,404
Net book value						
At 30 June 2021	1,302	9,046	-	667	90	11,105
At 30 June 2020	655	3,466	-	424	80	4,625

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2020	1,756
At 30 June 2021	<u>1,756</u>

Subsidiary undertaking

The followings were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Paragon Customer Communications (Luxembourg) Limited	Luxembourg	Ordinary	100%	Pre-press and pre-media services
D MSP Celerity Services SL Spain	Spain	Ordinary	100%	Software development
Celerity IS Inc. US	USA	Ordinary	100%	Software development and licence distribution

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

14. Fixed asset investments (continued)**Participating interests**

Total investments in associates and joint venture amounted to less than £1,000 and the country of incorporation is England and Wales.

Associates

The following were associates of the Company:

Name	Registered office	Class of shares	Holding
European Direct Mail Specialists Services Limited	5 White Oak Square, Swanley, Kent BR8 7AG	Ordinary shares	50%
Response Handling Centre Limited	5 White Oak Square, Swanley, Kent BR8 7AG	Ordinary shares	34%

Joint Venture

The following was a joint venture of the Company with its registered address at Evolution House, Choats Road, Dagenham, Essex, RM9 6BF:

Name	Country of incorporation	Class of shares	Holding	Principal activity
dsi Billing Services Limited	England and Wales	Ordinary	50%	Billing and service providers

15. Stocks

	2021 £000	2020 £000
Raw materials and consumables	2,102	729
Work in progress (goods to be sold)	354	655
	2,456	1,384

The replacement cost of raw materials and consumables is not materially different from the amounts stated above.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

16. Debtors

	2021 £000	2020 £000
Due after more than one year		
Amounts owed by group undertakings	2,564	-
	<u>2,564</u>	<u>-</u>
	2021 £000	2020 £000
Due within one year		
Trade debtors	46,294	38,230
Amounts owed by group undertakings	96,009	36,844
Amounts owed by joint ventures and associated undertakings	496	231
Other debtors	1,952	1,507
Prepayments and accrued income	14,476	9,253
Deferred taxation	2,859	945
	<u>162,086</u>	<u>87,010</u>

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

17. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	38	68
	<u>38</u>	<u>68</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

18. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	19,898	15,139
Amounts owed to group undertakings	26,266	5,741
Corporation tax	420	328
Other taxation and social security	8,502	9,681
Obligations under finance lease and hire purchase contracts	1,445	436
Other creditors	2,099	2,082
Accruals and deferred income	15,189	8,245
	73,819	41,652

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

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

	2021 £000	2020 £000
Net obligations under finance leases and hire purchase contracts	3,639	873
Amounts owed to group undertakings	79,767	29,768
Government grants received	122	-
Accruals and deferred income	443	527
	83,971	31,168

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

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

20. Finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021	2020
	£000	£000
Not later than 1 year	1,614	467
Between 1-5 years	3,793	902
	<u>5,407</u>	<u>1,369</u>
Finance charges	(323)	(60)
Carrying amount of liability	<u>5,084</u>	<u>1,309</u>

21. Deferred taxation

	2021	2020
	£000	£000
At beginning of year	945	917
Charged to profit or loss	698	(140)
Arising on business combinations	1,216	168
At end of year	<u>2,859</u>	<u>945</u>

The deferred tax asset is made up as follows:

	2021	2020
	£000	£000
Accelerated capital allowances	2,755	945
Short term timing difference	104	-
	<u>2,859</u>	<u>945</u>

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

22. Provisions

	Provision on acquisition £000	Dilapidations £000	Total £000
At 1 July 2020	94	347	441
Charged to profit or loss	-	408	408
Utilised in year	(93)	-	(93)
At 30 June 2021	1	755	756

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

Provision on acquisition relates to the ongoing contractual commitments made pre administration for which Paragon Customer Communications (London) Limited are liable to fulfil these obligations.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Called up share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
29,906 (2020 - 29,906) Ordinary shares of £1.00 each	30	30

24. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable to the schemes and amounted to £1,083,000 (30 June 2020 £1,044,000).

25. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	4,592	4,007
Later than 1 year and not later than 5 years	10,213	2,164
Later than 5 years	660	977
	15,465	7,148

The break clause in the lease contract agreements have been factored into the computation of lease commitments for the current period.

The company had no other off balance sheet arrangement.

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

26. Related party transactions

The company has taken advantage of the exemption, under FRS 102, Section 33.1(a), from disclosing related party transactions as they all with other companies that are wholly owned by Paragon Customer Communications Limited.

The related party transactions undertaken in the year are as follows:

Joint ventures and associates

	2021 £000	2020 £000
dsi Billing Services Limited		
Sales	4,245	3,383
Purchases	(2)	(6)
Management fees	61	61
Dividend received	200	240
	4,504	3,678
	2021 £000	2020 £000

European Direct Mailing Services Limited

Sales	-	6
Management fees	-	-
	-	-

Response Handling Centre Limited

Management fees

	2021 £000	2020 £000
The following balances were owed by/(owed to) the company at the year end:		
dsi Billing Services Limited	496	231
European Direct Mailing Services Limited	-	-
	496	231
	496	231

PARAGON CUSTOMER COMMUNICATIONS (LONDON) LIMITED

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

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is dsicmm Group Limited, a company incorporated in England and Wales.

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

The ultimate parent undertaking and controlling party is Paragon Group Limited, a company incorporated in the United Kingdom. PCC Global Limited, a wholly owned subsidiary of Paragon Group Limited, is the immediate parent undertaking of Paragon Customer Communications Limited.