
DSI BILLING SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



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| DSI BILLING SERVICES LIMITED |
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COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | A C Briscoe B Lee T J Drake |
| Company secretary | A C Briscoe |
| Registered number | 03823171 |
| Registered office | Evolution House Choats Road Dagenham Essex RM9 6BF |
| 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 7HV |

DSI BILLING SERVICES LIMITED

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DSI BILLING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the audited financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of the company continued to be that of providing print, personalisation and sorting services.

Results and dividends

The profit for the year, after taxation, amounted to £882,489 (2018 - £301,192).

The total dividend paid during the year was £200,000 (30 June 2018 – £360,000) and no additional dividend has been proposed by the directors.

Directors

The directors who served during the year were:

A C Briscoe
B Lee
T J Drake

Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the potential impact of the recent outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year, even in the event of prolong lock down period of around 3 – 6 months, should that be mandated by Governments in the major countries they operate in. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Directors' qualifying third party indemnity provisions

Paragon Customer Communications Limited maintains liability insurance for the directors of dsi Billing Services Limited. For the purposes of the Companies Act 2006, Paragon Customer Communications Limited provides indemnity insurance for the directors and company secretary of dis Billing Services Limited for qualifying third party provisions. The indemnity insurance was in place for the whole period and up to the date the financial statements were approved.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, credit risk and liquidity 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.

DSI BILLING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Foreign currency risk

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

Credit risk

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

Liquidity risk

The company has cash at bank sufficient to allow it to support current and planned operations.

Coronavirus risk

Further to the recent global outbreak of Coronavirus disease (COVID-19), the directors of the [Company / Group] continue to assess the situation across key markets and the potential risk to the operation of the business daily. At the time of signing of these accounts, there has been no unmanageable impact on either the Revenue, Customers or Employees within the Company.

The directors have taken all necessary measures as advised by the NHS, WHO, the UK government and equivalent local authorities across our offices, including promoting hygiene standards and providing facilities to enable this; and firmly insisting all employees to working from home where possible.

The Paragon Group and the Company have vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak. Both feel reasonably confident that they will retain a sufficient level of trading activity to sustain the business during the crisis.

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

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

Statement of directors' responsibilities in respect of the financial statements

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

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

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

DSI BILLING SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

- 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.

Disclosure of information to auditors

The directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

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

Small company exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 31 March 2020 and signed on its behalf.



B Lee
Director

DSI BILLING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSI BILLING SERVICES LIMITED

Opinion

We have audited the financial statements of Dsi Billing Services Limited (the 'Company') for the year ended 30 June 2019, 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 2019 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.

The impact of macro-economic uncertainties on our audit

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

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may

DSI BILLING SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSI BILLING SERVICES LIMITED
(CONTINUED)**

cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

DSI BILLING SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSI BILLING SERVICES LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

DSI BILLING SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DSI BILLING SERVICES LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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, as a body, 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

31 March 2020

DSI BILLING SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 £ | 2018 £ |
|--------------------------------------|------|------------------|------------------|
| Turnover | 4 | 6,873,284 | 4,438,284 |
| Cost of sales | | (4,691,599) | (3,025,155) |
| Gross profit | | 2,181,685 | 1,413,129 |
| Administrative expenses | | (1,141,569) | (1,041,919) |
| Operating profit | 5 | 1,040,116 | 371,210 |
| Tax on profit | | (157,627) | (70,018) |
| Profit for the financial year | | 882,489 | 301,192 |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

All amounts relate to continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

DSI BILLING SERVICES LIMITED
REGISTERED NUMBER: 03823171

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 2,688,331 | 461,254 |
| Cash at bank and in hand | 12 | 309,325 | 267,911 |
| | | <u>2,997,656</u> | <u>729,165</u> |
| Creditors: amounts falling due within one year | 13 | (2,050,875) | (464,873) |
| Net current assets | | <u>946,781</u> | <u>264,292</u> |
| Total assets less current liabilities | | <u>946,781</u> | <u>264,292</u> |
| Net assets | | <u>946,781</u> | <u>264,292</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100 | 100 |
| Profit and loss account | | 946,681 | 264,192 |
| | | <u>946,781</u> | <u>264,292</u> |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



B Lee
Director

Date: 31 March 2020

The notes on pages 12 to 22 form part of these financial statements.

DSI BILLING SERVICES LIMITED

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

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|----------------|
| | £ | £ | £ |
| At 1 July 2018 | 100 | 264,192 | 264,292 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 882,489 | 882,489 |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | 882,489 | 882,489 |
| Dividends: Equity capital | - | (200,000) | (200,000) |
| | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | - | (200,000) | (200,000) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2019 | 100 | 946,681 | 946,781 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 12 to 22 form part of these financial statements.

DSI BILLING SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|----------------|
| | £ | £ | £ |
| At 1 July 2017 | 100 | 323,000 | 323,100 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 301,192 | 301,192 |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | 301,192 | 301,192 |
| Dividends: Equity capital | - | (360,000) | (360,000) |
| | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | - | (360,000) | (360,000) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2018 | 100 | 264,192 | 264,292 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 12 to 22 form part of these financial statements.

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

dsi Billing Services 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 company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

In preparation of this report, the directors have taken advantage of exemptions in preparation of statement of cash flows permitted by section 1A.7 of FRS 102. The directors have also taken advantage of the small companies exemptions provided by section 414B of Companies Act 2006 and not prepared a strategic report.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have reviewed the company's budgets and forecasts for the next 12 months from the date of this report, its liquid resources (including support available from its ultimate parent company), medium term plans, and the potential impact of the recent outbreak of the Coronavirus disease. The Paragon Group have also performed a downside scenario analysis which, while considered highly unlikely, demonstrates that the Group will have sufficient cash resources for a period of at least one year, even in the event of prolong lock down period of around 3 – 6 months, should that be mandated by Governments in the major countries they operate in. Given the fact that the Group has vital activities within the communication and financial sectors and was consequently given the "key worker status" during this outbreak, the Group feel confident that the support outlined by the various governments, such as tax deferral schemes and state aid/loan guarantee schemes can also be utilised, to assist in keeping its trading activities running at a sustainable level. The above statement do not protect the business from events that are out of its control and could potentially deeply change the outcome of its future activities. Nonetheless, the Directors have, at the date of signing of the accounts, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

DSI BILLING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.3 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 despatch.

Deferred income on contracts

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

2.4 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

| | |
|-----------------------|------------------------------------|
| Plant and machinery | - straight line basis over 4 years |
| Fixtures and fittings | - straight line basis over 3 years |
| Computer equipment | - straight line basis over 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.

2.5 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.

2.6 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.

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 Pensions

The company operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the company in independently administered funds. The amount charged to the statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period.

2.10 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.

2.11 Reserves

The company's reserves are as follows:

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

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

In preparing these financial statements, the directors have had to make the following judgements:

- 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 and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Impairment of trade receivables (see note 11)

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

4. Turnover

All turnover arose within the United Kingdom and are generated from printmail business.

5. Operating profit

The operating profit is stated after charging:

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements | <u>13,390</u> | <u>13,000</u> |

6. Employee

Staff costs were as follows:

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Wages and salaries | 890,054 | 794,167 |
| Social security costs | 101,030 | 93,305 |
| Cost of defined contribution pension scheme | 8,022 | 5,277 |
| | <u>999,106</u> | <u>892,749</u> |

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

| | 2019 No. | 2018 No. |
|----------------|-------------|-------------|
| Administration | <u>12</u> | <u>12</u> |

7. Directors' remuneration

| | 2019 £ | 2018 £ |
|----------------------|----------------|----------------|
| Directors emoluments | 239,182 | 269,970 |
| | <u>239,182</u> | <u>269,970</u> |

The highest paid director received remuneration of £125,639 (30 June 2018 - £134,985).

8. Tax on profit

| | 2019 £ | 2018 £ |
|--|----------------|---------------|
| Corporation tax | | |
| Current tax on profits for the year | 197,465 | 70,018 |
| Adjustments in respect of previous periods | (39,922) | - |
| | <u>157,543</u> | <u>70,018</u> |
| Total current tax | <u>157,543</u> | <u>70,018</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 277 | - |
| Adjustments in respect of prior periods | (193) | - |
| | <u>84</u> | <u>-</u> |
| Total deferred tax | <u>84</u> | <u>-</u> |
| Taxation on profit on ordinary activities | <u>157,627</u> | <u>70,018</u> |

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|----------------|---------------|
| Profit on ordinary activities before tax | 1,040,116 | 371,210 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 197,622 | 70,530 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 153 | - |
| Adjustments to tax charge in respect of prior periods | (40,115) | - |
| Effect of tax rates | (33) | (512) |
| Total tax charge for the year | 157,627 | 70,018 |

Factors that may affect future tax charges

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

9. Dividends

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Ordinary interim dividend paid at £2,000 per share (30 June 2018 - £3,600 per share) | 200,000 | 360,000 |
| | 200,000 | 360,000 |

DSI BILLING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Tangible fixed assets

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|--------------------------|-----------------------------|-------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 July 2018 | 57,128 | 5,318 | 10,166 | 72,612 |
| At 30 June 2019 | 57,128 | 5,318 | 10,166 | 72,612 |
| Depreciation | | | | |
| At 1 July 2018 | 57,128 | 5,318 | 10,166 | 72,612 |
| At 30 June 2019 | 57,128 | 5,318 | 10,166 | 72,612 |
| Net book value | | | | |
| At 30 June 2019 | - | - | - | - |
| At 30 June 2018 | - | - | - | - |

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 2,483,630 | 333,521 |
| Prepayments and accrued income | 203,441 | 126,389 |
| Deferred taxation | 1,260 | 1,344 |
| | <u>2,688,331</u> | <u>461,254</u> |

12. Cash and cash equivalents

| | 2019 £ | 2018 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 309,325 | 267,911 |
| | <u>309,325</u> | <u>267,911</u> |

13. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|----------------|
| Trade creditors | 51,418 | 79,622 |
| Amounts owed to joint ventures | 1,300,839 | 63,943 |
| Corporation tax | 180,428 | 92,828 |
| Other taxation and social security | 190,913 | 94,012 |
| Other creditors | 133,578 | 48,507 |
| Accruals and deferred income | 193,699 | 85,961 |
| | <u>2,050,875</u> | <u>464,873</u> |

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

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. Deferred taxation

| | 2019 £ | 2018 £ |
|---------------------------|--------------|--------------|
| At beginning of year | 1,344 | 1,344 |
| Charged to profit or loss | (84) | - |
| At end of year | 1,260 | 1,344 |

The deferred tax asset is made up as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 1,260 | 1,344 |
| | 1,260 | 1,344 |

15. Share capital

| | 2019 £ | 2018 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2018 - 100) Ordinary shares of £1.00 each | 100 | 100 |

16. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £5,277 (30 June 2018 – £1,996). At the period end there were outstanding contributions amounting to £Nil (2018 - £Nil).

17. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the reporting date (30 June 2018 - £Nil).

DSI BILLING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

18. Related party transactions

The company is 50% owned by Paragon Customer Communications (London) Limited, an indirectly wholly owned subsidiary of Paragon Customer Communications Limited. Transactions with Paragon Customer Communications (London) Limited and its subsidiaries and investees are as follows:

| | 2019 £ | 2018 £ |
|--------------------|-------------|-----------|
| Sales | 2,500 | 3,558 |
| Purchases | (3,169,358) | (941,021) |
| Management charges | 61,200 | 61,200 |
| Dividend paid | 100,000 | 180,000 |

The ultimate parent undertaking of Paragon Customer Communications (London) Limited is Paragon Group UK Limited. The company has not entered into any transactions with this wider group in the 12-month period presented. The following balances were owed from/to the following group companies at the end of the period:

| | 2019 £ | 2018 £ |
|---|-------------|-----------|
| Paragon Customer Communications (London) Limited | | |
| - Debtors | 3 | - |
| - Creditors | (1,300,839) | (63,943) |

Dividends of £50,000 at £2,000 per share (30 June 2018 – £90,000 at £3,600 per share) were paid to B Lee and A C Briscoe, respectively, during the year.

19. Controlling party

The directors do not consider the company to be under the control of any one party.

The company is 50% owned by Paragon Customer Communications (London) Limited, a company incorporated in England and Wales.

The parent undertaking of Paragon Customer Communications (London) Limited is Paragon Customer Communications Limited, a company incorporated in the UK.

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

The remaining 50% shareholding is held by B Lee and A C Briscoe, both of whom are directors of the company.

DSI BILLING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

20. Subsequent event

The outbreak of the global coronavirus pandemic is considered to be a non adjusting post balance sheet event. The Board have considered, and continue to do so, the impact of the virus on the business and have included details in the directors report. It is too early for the Board to quantify the potential financial impact on the company.