



# **DX Services Limited**

Directors report and financial statements  
for the period ended 27 June 2020

Company number 05146074

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## **DX Services Limited**

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**Company information**

**Directors**

Ronald Series  
David Mulligan

**Registered office**

DX1 Ditton Park

Ditton Park  
Riding Court Road  
Datchet  
Slough  
SL3 9GL

**Registered number**

05146074

## **DX Services Limited**

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### **Directors' report**

The directors present their report and the unaudited financial statements for the period ended 27 June 2020.

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#### **Activities**

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

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#### **Results and dividends**

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

The loss for the financial year after taxation was £0.7 million (2019: £85.5 million profit), after £nil (2019: £63.3 million) dividends received and an exceptional credit of £nil (2019: £23.0 million).

The Company did not pay a dividend during the year (2019: £57.7 million).

The principal risk that the Company is exposed to is impairment of the value of its investments and related balances. An impairment review has been undertaken as at 27 June 2020. No changes have been made to the carrying value of the Company's investments as a result.

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#### **Brexit**

The directors have discussed the implications of Brexit and keep developments under review. As the Company and its subsidiary undertakings do not carry out any trading activities, the Directors do not anticipate any significant risks to the Company from Brexit.

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#### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the *going concern basis in preparing the financial statements*. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

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#### **Share capital**

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

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#### **Directors**

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

Ronald Series  
David Mulligan

There were no changes subsequent to the year end.

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#### **Audit exemption**

For the period ended 27 June 2020 the Company is exempt from audit under section 479A of the Companies Act 2006 relating to subsidiary entities.

**Directors' report**

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**Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

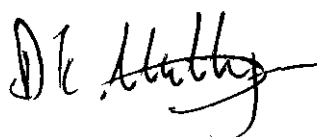
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**Directors' and officers' insurance and indemnities**

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

Approved by the board of directors on 31 March 2021 and signed on its behalf by:



**David Mulligan**  
Director

Registered in England and Wales No. 05146074

**DX Services Limited****Profit and loss account and other comprehensive income  
for the period ended 27 June 2020**

	Notes	2020 £m	2019 £m
Exceptional items	3	-	23.0
<b>Operating profit</b>		-	-
Interest receivable and similar income	4	-	63.3
Interest payable and similar expenses	4	(0.8)	(0.9)
<b>Profit/(loss) before tax</b>		<b>(0.8)</b>	<b>85.4</b>
Tax	5	0.1	0.1
<b>Profit/(loss) for the year</b>		<b>(0.7)</b>	<b>85.5</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>(0.7)</b>	<b>85.5</b>

All results are derived from continuing operations.

**Statement of changes in equity  
for the period ended 27 June 2020**

	Share capital £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 July 2018	4.2	-	(25.6)	(21.4)
Profit for the year	-	-	85.5	85.5
Dividends paid	-	-	(57.7)	(57.7)
<b>At 30 June 2019</b>	<b>4.2</b>	<b>-</b>	<b>2.2</b>	<b>6.4</b>
Loss for the year	-	-	(0.7)	(0.7)
Dividends paid	-	-	-	-
<b>At 27 June 2020</b>	<b>4.2</b>	<b>-</b>	<b>1.5</b>	<b>5.7</b>

The notes on pages 6 to 11 form part of these financial statements.

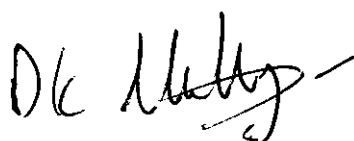
## DX Services Limited

### Balance sheet as at 27 June 2020

	Notes	2020 £m	2019 £m
<b>Non-current assets:</b>			
Investments	6	30.0	30.0
		<b>30.0</b>	<b>30.0</b>
<b>Current assets:</b>			
Debtors	7	0.1	0.1
<b>Creditors:</b> amounts falling due within one year	8	(1.4)	(0.7)
<b>Net current liabilities</b>		<b>(1.3)</b>	<b>(0.6)</b>
<b>Total assets less current liabilities</b>		<b>28.7</b>	<b>29.4</b>
<b>Creditors:</b> amounts falling due after more than one year	9	(23.0)	(23.0)
<b>Net assets/(liabilities)</b>		<b>5.7</b>	<b>6.4</b>
<b>Capital and reserves:</b>			
Share capital	10	4.2	4.2
Capital redemption reserve		-	-
Profit and loss account		1.5	2.2
<b>Shareholder's funds</b>		<b>5.7</b>	<b>6.4</b>

For the period ended 27 June 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of DX Services Limited, registered number 05146074, were approved and authorised for issue by the board of directors on 31 March 2021 and signed on its behalf by:



**David Mulligan**  
Director

The notes on pages 6 to 11 form part of these financial statements.

**Notes to the financial statements  
for the period ended 27 June 2020**

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**1 Significant accounting policies**

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

**Basis of accounting**

DX Services Limited (the "Company") is a company incorporated and domiciled in England and Wales.

From 1 July 2019, the Group changed its reporting periods from a calendar basis to a '4-5-4 weekly' basis which better reflects its cost base and operations. These financial statements were prepared for the period 1 July 2019 to 27 June 2020. Future years will be for either 52 weeks or occasionally 53 weeks in order to keep the year-end date as close as possible to 30 June. The Company has opted to apply Section 390 (3) of the Companies Act 2006. This permits the Company to end its financial year on 27 June 2020 (2019: 30 June 2019) as it is not more than 7 days after or before the end of the year dated 30 June 2020 (2019: 30 June 2019).

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

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

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

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

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

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



**Notes to the financial statements  
for the period ended 27 June 2020**

**1 Significant accounting policies (continued)**

**Measurement convention**

The financial statements are prepared on the historical cost basis.

The financial information is presented in sterling and, unless otherwise stated, has been rounded to the nearest £0.1 million (£m).

**Judgements and estimates**

The preparation of financial information in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual amounts ultimately may differ from those estimates. The area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial information is considered to relate to the carrying value of the company's investments.

The Company determines whether investments are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which investments are allocated. The investments have been allocated to the cash-generating unit which is the DX Group as a whole, as they relate to intra-Group investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investments at 27 June 2020 and 30 June 2019 were £30.0 million. More details of the assumptions used in estimating the value in use of the cash-generating unit to which investments are allocated are provided in note 6.

**Going concern**

Going concern is considered on a group basis. Following a review of cash flow forecasts, the Directors are confident that the DX Group is able to meet its obligations as they fall due, thus the going concern basis of preparation remains appropriate.

**Investments**

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

**Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised in the profit and loss account when the asset's carrying value exceeds its recoverable amount. Its recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**Non-derivative financial instruments**

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

**(a) Trade and other debtors**

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

**Notes to the financial statements  
for the period ended 27 June 2020**

**1 Significant accounting policies (continued)**

*(b) Loans and borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

*(c) Trade and other creditors*

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

**Impairment of financial assets (including trade and other debtors)**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, where provision calculations are based on historic credit losses. This approach is applied unless there are specific circumstances indicating the necessity for a specific provision. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delinquency in payments are considered indicators that a specific provision is required.

**Taxation**

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

**Exceptional items**

The Company treats certain items which are considered to be one-off and not representative of the underlying results of the Company as exceptional in nature. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be classified as exceptional items. The directors consider that separate disclosure of these items is relevant to an understanding of the Company's financial performance.

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**2 Operating costs**

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No amounts for Directors' remuneration were paid by the Company. £0.9 million (2019: £1.0 million) remuneration was paid to the directors by the ultimate parent company for qualifying services to the group as a whole. The highest paid director received total remuneration of £0.3 million (2019: £0.3 million).

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

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**3 Exceptional items**

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During the prior year, group loans that had previously been impaired were repaid. Accordingly, the impairment of £23.0 million of these previously impaired group loans was reversed. Exceptional items were £nil for 2020.

**DX Services Limited****Notes to the financial statements  
for the period ended 27 June 2020****4 Interest**

	2020 £m	2019 £m
<b>Interest receivable and similar income:</b>		
Dividends received	-	63.3
<b>Total interest receivable and similar income</b>	<b>-</b>	<b>63.3</b>
<b>Interest payable and similar expenses:</b>		
Group interest payable	(0.8)	(0.9)
<b>Total interest payable and similar expenses</b>	<b>(0.8)</b>	<b>(0.9)</b>

**5 Tax****(a) Analysis of credit/(charge) in year**

	2020 £m	2019 £m
<b>Current tax:</b>		
United Kingdom corporation tax:		
Group relief receivable from group undertakings	0.1	0.1
Adjustments in respect of prior periods	-	-
<b>Tax credit/(charge)</b>	<b>0.1</b>	<b>0.1</b>

**(b) Factors affecting the tax credit/(charge) for year**

The tax assessed for the year differs from the amount that would arise using the weighted average rate of corporation tax in the UK. The differences are explained below:

	2020 £m	2019 £m
Profit/(loss) before tax	(0.8)	85.4
Profit/(loss) before tax at the standard rate of UK corporation tax of 19.0% (2019: 19.0%)	0.2	(16.2)
<b>Factors affecting credit for year:</b>		
Reversal of previously impaired group loans	-	4.4
Group dividends received deductible for tax purposes	-	12.0
UK taxable losses carried forward	(0.1)	(0.1)
Adjustments in respect of prior periods	-	-
<b>Tax credit/(charge)</b>	<b>0.1</b>	<b>0.1</b>

**(c) Factors that may affect future tax charges**

The main UK Corporation tax rate remained at 19% (2019: 19%). The previously enacted reduction in the rate from 19% to 17% as from 1 April 2020 was reversed and the 19% was substantively enacted on 17 March 2020.

No deferred tax asset has been recognised at 27 June 2020 (2019: £nil). The unrecognised deferred tax assets at 27 June 2020 total £0.4 million (2019: £0.4 million), consisting of unused tax losses.

## DX Services Limited

### Notes to the financial statements for the period ended 27 June 2020

#### 6 Investments

	Shares in group companies £m	Loans to group companies £m	Total £m
<b>Cost:</b>			
At 1 July 2019	34.7	-	34.7
Repayments	-	-	-
<b>At 27 June 2020</b>	<b>34.7</b>	<b>-</b>	<b>34.7</b>
<b>Provisions:</b>			
At 1 July 2019	4.7	-	4.7
Reversal of impairment	-	-	-
<b>At 27 June 2020</b>	<b>4.7</b>	<b>-</b>	<b>4.7</b>
<b>Net book value:</b>			
<b>At 27 June 2020</b>	<b>30.0</b>	<b>-</b>	<b>30.0</b>
At 30 June 2019	30.0	-	30.0

The carrying value of £30.0 million (2019: £30.0 million) of investments has been reviewed with reference to its value in use based on future cash flow projections. The cash flow projections are based on the budget of DX (Group) plc approved by the Board for the forthcoming financial year and subsequent three years. Cash flows beyond these 48 months are extrapolated with reference to historical trends, expected developments, and using estimated growth rates, not exceeding a long-term growth rate of 2.0%. A discount rate of 11.8% has been applied to the future cash flows. Following the review, no impairment charge was required (2019: £nil). There is substantial headroom in the value in use calculations: a 10% change in the growth rate or the discount rate would not result in any impairment.

At 27 June 2020 DX Services Limited owned, directly or indirectly, 100% of each class of issued shares of the following companies:

	<u>Principal activity</u>
Directly owned:	
DX Network Services Limited	Mail services
Indirectly owned:	
DX Network Services Ireland Limited	Mail services

DX Network Services Limited is registered and operates in England and Wales, whilst DX Network Services Ireland Limited which is registered and operates in the Republic of Ireland.

The registered office of DX Network Services Limited is the same as that of the Company, whilst DX Network Services Ireland Limited has a registered office of Unit 6B, Northern Cross Business Park, Finglas, Dublin 11.

## DX Services Limited

### Notes to the financial statements for the period ended 27 June 2020

#### 7 Debtors

	2020 £m	2019 £m
Group relief receivable from group companies	0.1	0.1
	<b>0.1</b>	<b>0.1</b>

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

#### 8 Creditors: amounts falling due within one year

	2020 £m	2019 £m
Amounts owed to group companies	1.4	0.7
	<b>1.4</b>	<b>0.7</b>

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

#### 9 Creditors: amounts falling due after more than one year

	2020 £m	2019 £m
Loans from group companies	23.0	23.0
	<b>23.0</b>	<b>23.0</b>

Loans from group companies bear interest at the interest rate payable by the group on its bank borrowings and are repayable no earlier than 30 June 2022.

#### 10 Share capital

##### Allotted, called up and fully paid:

	No (000)	2020 £m	No (000)	2019 £m
Ordinary shares of 5p each	84,231	4.2	84,231	4.2

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

#### 11 Parent undertaking and controlling party

The Company's parent undertaking, ultimate parent undertaking and controlling party at 27 June 2020 was DX (Group) plc, a company incorporated in England and Wales whose registered office is at Ditton Park, Riding Court Road, Datchet, Slough, SL3 9GL.

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