

Company Registration No. SC290312 (Scotland)

DIAMOND ENVELOPES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

DIAMOND ENVELOPES LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------|
| Balance sheet | 1 |
| Statement of changes in equity | 2 |
| Notes to the financial statements | 3 - 6 |

DIAMOND ENVELOPES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Current assets | | | | | |
| Debtors | 4 | 90 | | 90 | |
| Cash at bank and in hand | | 1,219 | | 4,565 | |
| | | <u>1,309</u> | | <u>4,655</u> | |
| Creditors: amounts falling due within one year | 5 | <u>(5,964,834)</u> | | <u>(2,645,895)</u> | |
| Net current liabilities | | | (5,963,525) | | (2,641,240) |
| Creditors: amounts falling due after more than one year | 6 | | - | | (3,079,138) |
| Net liabilities | | | <u>(5,963,525)</u> | | <u>(5,720,378)</u> |
| Capital and reserves | | | | | |
| Called up share capital | | 500,000 | | 500,000 | |
| Other reserves | | 113,954 | | 224,030 | |
| Profit and loss reserves | | <u>(6,577,479)</u> | | <u>(6,444,408)</u> | |
| Total equity | | | <u>(5,963,525)</u> | | <u>(5,720,378)</u> |

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23 September 2021 and are signed on its behalf by:

T Schwarz
Director

Company Registration No. SC290312

DIAMOND ENVELOPES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Share capital | Other reserves | Profit and loss reserves | Total |
|--|----------------|-------------------|-----------------------------|--------------------|
| | £ | £ | £ | £ |
| Balance at 1 January 2019 | 500,000 | 205,338 | (6,468,334) | (5,762,996) |
| Year ended 31 December 2019: | | | | |
| Loss and total comprehensive income for the year | - | - | (81,969) | (81,969) |
| Transfers | - | - | 105,895 | 105,895 |
| Other movements | - | 18,692 | - | 18,692 |
| Balance at 31 December 2019 | 500,000 | 224,030 | (6,444,408) | (5,720,378) |
| Year ended 31 December 2020: | | | | |
| Loss and total comprehensive income for the year | - | - | (243,147) | (243,147) |
| Transfers | - | - | 110,076 | 110,076 |
| Other movements | - | (110,076) | - | (110,076) |
| Balance at 31 December 2020 | 500,000 | 113,954 | (6,577,479) | (5,963,525) |

DIAMOND ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Diamond Envelopes Limited is a private company limited by shares incorporated in Scotland. The registered office is 272 Bath Street, Glasgow, Scotland, G2 4JR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has incurred a loss for the year ended 31 December 2020 and has significant net liabilities as at 31 December 2020 amounting to £5,963,525. The directors of the company have received assurances from the board of a parent company, Maycr-Kuvort-Network GmbH. At the date of approval of these financial statements the directors have no reason to believe this support will not continue and accordingly, the financial statements have been prepared on a going concern basis. If this support was to be withdrawn then there would be a material risk the company would not be able to continue as a going concern.

1.3 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances and loans to group companies, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

DIAMOND ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.6 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

DIAMOND ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2020 Number | 2019 Number |
|-------|----------------|----------------|
| Total | 3 | 3 |

4 Debtors

| | 2020 £ | 2019 £ |
|--------------------------------------|-----------|-----------|
| Amounts falling due within one year: | | |
| Other debtors | 90 | 90 |

5 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | 5,961,831 | 2,643,093 |
| Taxation and social security | 3 | 2 |
| Other creditors | 3,000 | 2,800 |
| | 5,964,834 | 2,645,895 |

Loans

Within amounts owed to group undertakings are loans from the parent companies. These loans were previously classed as long term. See note 6 for details.

6 Creditors: amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | - | 3,079,138 |

DIAMOND ENVELOPES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Creditors: amounts falling due after more than one year

(Continued)

Loans

The loans previously classed as long term represent loans from the parent companies and have become current liabilities at 31 December 2020.

The loan from Eco Invest AS is £1,207,370 (2019 - £1,166,276). The loan is unsecured and bears interest at 0.1%. This agreement was amended in 2019 creating a capital contribution within other reserves amounting to £42,629 (2019 - £83,723).

The total loan from Mayer-Kuvert-Network GmbH is £2,027,839 (2019 - £1,912,862). The loan amount is made up of several unsecured loans which bear interest at 0.1%. This agreement was amended in 2015 creating a capital contribution within other reserves amounting to £71,325 (2019 - £140,307).

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company incurred a net loss of £243,147 during the year ended 31 December 2020 and, as of that date, the company's current liabilities exceeded its total assets by £5,963,525. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The senior statutory auditor was Christopher Johnson FCA.

The auditor was PM+M Solutions for Business LLP.

8 Events after the reporting date

Subsequent to the year end the following transactions took place.

On 22 April 2021 the loan between Eco Investment A.S and Diamond Envelopes Limited was novated to Mayer-Kuvert Network GmbH. The balance of the loan novated was £2,250,097.

Also on 22 April 2021 Eco Investment A.S sold its share in Diamond Envelopes Limited's immediate parent company - Mayer-Kuvert UK Holdings Limited to Mayer-Kuvert Network GmbH. The ultimate controlling party of the company remains Mayer-Kuvert Network GmbH.

On 30 April 2021 various companies within the wider group released indebtedness with Diamond Envelopes Limited. The total loan and debt relating to goods and services released was £5,059,324.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.