

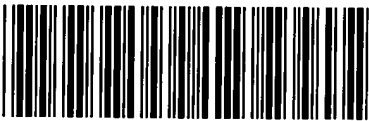
Registration number: 01273274

Pitney Bowes Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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Pitney Bowes Holdings Limited

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Pitney Bowes Holdings Limited

Company Information

Directors	G R Willsher R Higginson
Registered office	Building 5 Trident Place Hatfield Business Park, Mosquito Way Hatfield Hertfordshire AL10 9UJ
Independent auditors	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ, United Kingdom

Pitney Bowes Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activities

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

Fair review of the business

The Company made a loss for the financial year of £3,415,000 (2019: profit of £19,799,000). The loss in the financial year was attributable to an impairment of investments of £25,415,000 (2019: £14,549,000), partly offset by dividend income of £22,000,000 (2019: £34,000,000). The net assets of the Company at 31 December 2020 were £184,276,000 (2019: £187,691,000).

The Company is part of the wider Pitney Bowes Group.

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

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

Sending Technology Solutions

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

Global Ecommerce

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

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

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

Pitney Bowes Holdings Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Key Performance Indicators

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

Principal risks and uncertainties

Pitney Bowes Holdings Limited in a non-trading entity and hence has limited direct risks. There are a number of key indirect risks to the entity which are faced by the wider Group, and managed on a proactive basis as follows:

Covid-19

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

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

Competition

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

Postal regulations and processes

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

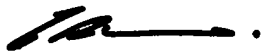
Lower profit margins

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

Customs and regulatory risks

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

Approved by the Board on 23/9/21 and signed on its behalf by:



.....
G R Willsher

Director

Signed: 24/9/21

Pitney Bowes Holdings Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

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

G R Willsher

R Higginson

Dividends

The Directors proposed an ordinary share dividend payment of £nil (2019: £53,900,000).

Financial instruments

Objectives and policies

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

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

Liquidity Risk

Through cash flow forecasting and rolling short-term intercompany loans, the Company monitors working capital and expenditure requirements to ensure that cash is available to meet obligations as they fall due.

Interest Rate Risk

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

Fair value

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

Future developments

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

Going concern

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

Pitney Bowes Holdings Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Section 172 statement

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

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

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

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

The Board's principal decision during the year was to approve a capital contribution to an Irish subsidiary, Borderfree Limited. The Board considered the long-term consequences of the contribution and considered it was in the best interest of its stakeholders as a whole.

The Pitney Bowes Annual Report 2020 and Pitney Bowes Corporate Responsibility Report 2020 contain detailed information on stakeholder activities and considerations undertaken within the Group.

Directors' liabilities

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

Pitney Bowes Holdings Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

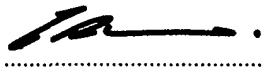
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Approved by the Board on 23/9/21 and signed on its behalf by:



.....
G R Willsher
Director
Signed: 24/9/21

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Profit and Loss Account and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Corporate Tax Law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial reporting through the passing of journals. Audit procedures performed by the engagement team included:

- Enquiring with management and those charged with governance around actual and potential litigation and claims
- Enquiring with Finance and Tax management staff to identify any instances of non-compliance with laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.
- Reading minutes of board of director meetings
- Reviewing financial statement disclosures and testing to supporting documentation

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Hitesh Haria (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

27 September 2021

Pitney Bowes Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Income from shares in group undertakings	3	22,000	34,000
Amounts written off investments	9	(25,415)	(14,549)
Other interest receivable and similar income	4	-	348
(Loss)/profit before taxation		(3,415)	19,799
Taxation	8	-	-
(Loss)/profit for the financial year		<u>(3,415)</u>	<u>19,799</u>

The above results were derived from continuing operations.

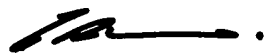
The company has no recognised gains or losses for the year other than the results above.

Pitney Bowes Holdings Limited

(Registration number: 01273274)
Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	9	152,829	154,964
Current assets			
Debtors	10	32,000	32,500
Cash at bank and in hand	11	<u>226</u>	<u>227</u>
		32,226	32,727
Creditors: Amounts falling due within one year	12	<u>(779)</u>	<u>-</u>
Net current assets		<u>31,447</u>	<u>32,727</u>
Total assets less current liabilities		<u>184,276</u>	<u>187,691</u>
Net assets		<u>184,276</u>	<u>187,691</u>
Capital and reserves			
Called up share capital	13	97,000	97,000
Share premium account		5,052	5,052
Profit and loss account		<u>82,224</u>	<u>85,639</u>
Total equity		<u>184,276</u>	<u>187,691</u>

The financial statements and notes were approved and authorised by the Board on 23/9/21 and signed on its behalf by:



G R Willsher
Director
Signed: 24/9/21

Pitney Bowes Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2020	97,000	5,052	85,639	187,691
Loss for the financial year	-	-	(3,415)	(3,415)
Total comprehensive expense	-	-	(3,415)	(3,415)
At 31 December 2020	<u>97,000</u>	<u>5,052</u>	<u>82,224</u>	<u>184,276</u>
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019	97,000	5,052	119,740	221,792
Profit for the financial year	-	-	19,799	19,799
Total comprehensive income	-	-	19,799	19,799
Dividends	-	-	(53,900)	(53,900)
At 31 December 2019	<u>97,000</u>	<u>5,052</u>	<u>85,639</u>	<u>187,691</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

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

The address of its registered office is:
Building 5 Trident Place
Hatfield Business Park, Mosquito Way
Hatfield
Hertfordshire
AL10 9UJ
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and consent has been obtained from the shareholders in order to take these exemptions:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Pitney Bowes Inc. These financial statements may be obtained from Pitney Bowes Inc., 3001 Summer Street, Stamford, CT 06926.

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

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

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

Exemption from preparing group financial statements

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

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

Use of critical accounting estimates and judgements

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

Impairment of non-financial assets

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

Investments

Most of the Company's investments are supported by net assets value of the underlying investments. For one investment with a cost of £15.6m, management have used a fair value less cost to sell. The calculation of fair value is sensitive to change in earnings and earnings multiples. A reduction of earnings multiple of 100 basis points would reduce the headroom by £2m. A 5% reduction in the earnings used in the model would reduce the headroom by £1m. Neither of these sensitivities individually or in aggregate will result in an impairment.

Summary of significant accounting policies

Investments

Investments comprise shareholdings in other Group companies which are recorded at historical cost less impairment.

Dividends on investments are recognised in income when receivable.

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

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

Debtors

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

Creditors

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

Share capital

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

Dividends

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

Financial instruments

Recognition and measurement

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

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Income from shares in group undertakings

	2020 £ 000	2019 £ 000
Income from shares in group undertakings	<u>22,000</u>	<u>34,000</u>

Dividend income relates to dividends received from subsidiary undertaking, Borderfree UK Limited, during the year (2019: Pitney Bowes Finance Limited).

4 Other interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable from group companies	-	346
Interest income on bank deposits	<u>-</u>	<u>2</u>
	<u>-</u>	<u>348</u>

5 Staff costs

The Company has no employees (2019: nil).

6 Directors' remuneration

The emoluments of all Directors are paid by other Pitney Bowes' entities, with no recharge made to the company (2019: £nil). It is therefore not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the following companies:

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

7 Auditors' remuneration

The auditors' remuneration for the year was £4,120 (2019: £4,120) and was borne by another group company.

8 Taxation

Tax charged/(credited) in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>
Total current income tax	<u>-</u>	<u>-</u>

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Taxation (continued)

The tax on (loss)/profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020	2019
	£ 000	£ 000
(Loss)/profit before tax	<u>(3,415)</u>	<u>19,799</u>
Corporation tax at standard rate	(649)	3,762
Effect of expense not deductible in determining taxable profit/ (tax loss)	4,829	2,764
Tax decrease arising from group relief	(86)	(164)
Tax increase from transfer pricing adjustments	86	98
Other tax effects for reconciliation between accounting profit and tax expense/ (income)	<u>(4,180)</u>	<u>(6,460)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The amounts written off investments of £25,415,000 (2019: £14,459,000) are not deductible for tax. The dividend income of £22,000,000 (2019: £34,000,000) is not subject to tax.

Changes to the UK Corporation tax rates were substantively enacted on 7 September 2016 to reduce the main rate of Corporation tax to 17% from 1 April 2020. Subsequent to the 2019 Balance Sheet date, a further change was substantively enacted on 17 March 2020 to maintain the rate at 19%.

In the Spring Budget of 2021 it was announced that the UK rate of corporation tax would increase from 19% to 25%, effective from 1 April 2023. As this proposal had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9 Investments

	2020	2019
	£ 000	£ 000
Investments in subsidiaries	<u>152,829</u>	<u>154,964</u>
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2020		169,513
Additions		<u>23,280</u>
At 31 December 2020		<u>192,793</u>
Provision		
At 1 January 2020		14,549
Provision		<u>25,415</u>
At 31 December 2020		<u>39,964</u>

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments (continued)

Subsidiaries	£ 000
Carrying amount	
At 31 December 2020	<u>152,829</u>
At 31 December 2019	<u>154,964</u>

During the year, the Company increased its investment in Borderfree Limited by £23,280,000 (2019: £nil) mainly funded by a £22,000,000 (2019: £nil) dividend received from fellow subsidiary, Borderfree UK Limited; the investment in Borderfree Limited was subsequently impaired by £23,280,000 (2019: £14,549,000) to a carrying value of £nil.

The Company's investment in OLDMS Limited was also was impaired during the year by £2,135,000 (2019:£nil).

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Pitney Bowes International Finance Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ United Kingdom	Ordinary	100%	100%
Pitney Bowes Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Pitney Bowes Finance Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
OLDMS Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Borderfree UK Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Borderfree Limited	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%
Pitney Bowes Payco Holdings Limited	The Cedarhurst Building, Arkle Road, Sandyford, Dublin	Ordinary	100%	100%
Pitney Bowes Finance Ireland Limited (indirect)	Clarity House, Belgard Road, Tallagh, Dublin 24 D24 Y6DF	Ordinary	100%	100%

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Investments (continued)

Pitney Bowes Ireland Limited (indirect)	Clarity House, Belgard Road, Tallaght, Dublin 24 D24 Y6DF	Ordinary	100%	100%
The Pitney Bowes Pension Fund Trustee Limited (indirect)	Building 5 Trident Place, Hatfield Business Park Mosquito Way, Hatfield, Hertfordshire, AL10 9UJ	Ordinary	100%	100%

Details of undertakings

The principal activity of Pitney Bowes International Finance Limited is to provide financial services to other Group companies.

The principal activity of Pitney Bowes Limited is selling and leasing equipment and providing services.

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

The principal activity of OLDMS Limited is non-trading.

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

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

The principal activity of Pitney Bowes Payco Holdings Limited is payments processing.

The principal activity of Pitney Bowes Finance Ireland Limited (indirect) is leasing equipment to customers in Ireland.

The principal activity of Pitney Bowes Ireland Limited (indirect) is selling and leasing equipment and providing services in Ireland.

The principal activity of The Pitney Bowes Pension Fund Trustee Limited (indirect) is a non-trading pension fund.

10 Debtors

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings	32,000	32,500
	32,000	32,500

Amounts owed by group undertakings comprise a loan of £32,000,000 (2019; £32,000,000) which is unsecured, non-interest bearing and repayable on demand. In 2019, there was also a £500,000 balance which was unsecured, repayable on demand and bore interest at 0.3%.

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Cash at bank and in hand

	2020 £ 000	2019 £ 000
Cash at bank	<u>226</u>	<u>227</u>

12 Creditors: Amounts falling due within one year

	2020 £ 000	2019 £ 000
Due within one year		
Amounts owed to related parties	<u>779</u>	<u>-</u>

Amounts owed to related parties comprise a loan of £779,000 which bears interest at 2.0%, is unsecured and repayable on demand.

Pitney Bowes Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

13 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>

14 Dividends

	2020	2019
	£ 000	£ 000
Final dividend of £Nil (2019 - £0.56) per ordinary share	-	53,900

15 Parent and ultimate parent undertaking

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

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

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