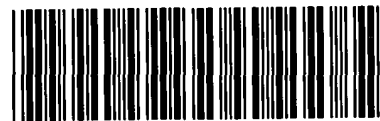


Registered Number 06307726

Royal Mail Courier Services Ltd
Annual Report and Financial Statements
For the 52 weeks ended 26 March 2017

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Royal Mail Courier Services Ltd

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Royal Mail Courier Services Ltd

Directors' report

The Directors present the Annual Report and Financial Statements for Royal Mail Courier Services Ltd (the Company). These financial statements relate to the 52 weeks ended 26 March 2017 (2015-16: 52 weeks ended 27 March 2016).

Directors and their interests

The following have served as Directors of the Company during the 52 week period ended 26 March 2017 and up to the date of approval of these financial statements:

Nicholas Landon

Alexander Warner

No Director has a beneficial interest in the share capital of the Company.

Principal activities

The Company provides courier services for the Royal Mail Sameday product. The Royal Mail Sameday product is a service offered through the Company's immediate parent company Royal Mail Group Limited. The Company is the main supplier of this service to Royal Mail Group Limited.

Results and dividends

The profit for the period after tax was £2,337,000 (2015-16: £399,000). The Directors do not recommend a dividend (2015-16: Nil).

Review of the business and future developments

Despite the continued challenging economic climate, our trading relationship with Royal Mail Group Limited has allowed us to maintain strong trading during the period, therefore enabling the Company to offer a strong operational solution to its customers. The Company is expected to continue its current business activities for the foreseeable future.

Through monitoring of key financial and quality of service indicators the Directors consider the performance and position of the Company to be in line with expectations.

On 29 June 2016 the Company acquired 53 per cent of the share capital of Reviscatch Limited (trading as eCourier) for consideration of £9 million. eCourier is a Sameday delivery company operating primarily in the London area. On the same date, a further loan of £1 million was made to Reviscatch Limited in order to purchase the trade and assets of Milematic Limited, a related party of Reviscatch Limited. Milematic Limited is primarily a delivery vehicle leasing company. These acquisitions have been funded through an intercompany loan from parent company Royal Mail Group Limited.

The remaining 47 per cent share capital of Reviscatch Limited was acquired on 15 November 2016 for consideration of £8 million, of which £4 million was non-contingent deferred consideration. This acquisition was also funded through an intercompany loan from parent company Royal Mail Group Limited.

Key Performance Indicators (KPIs)

The Directors consider a number of financial KPIs in monitoring the performance of the Company, as follows:

- Revenue; and
- Profit before Tax.

Revenue has increased by £280,000 (2015-16: £229,000 decrease) in the period and profit before tax has increased by £1,944,000 (2015-16: £247,000 decrease). The Directors are satisfied that the Company has met its expectations with respect to the KPIs in this reporting period.

Principal risk and uncertainties

The Company is reliant on its immediate parent company, Royal Mail Group Limited, to provide the majority of its client contracts and the associated demand for business services.

This risk is mitigated by ensuring a close understanding of our customers is maintained and of their needs and objectives and also by reduced reliance on Royal Mail Group Limited through the expansion of the Company's customer database.

Risk arising from UK exit from the European Union (EU)

It is too early to assess the impact, if any, on the Company arising from the UK referendum decision to exit from the European Union (EU). The Company will continue to trade as now while new arrangements are negotiated and implemented, and continue to monitor and evaluate any risk that arises.

Royal Mail Courier Services Ltd

Directors' report (continued)

Corporate Responsibility

The Company is committed to carrying out its activities in a socially responsible manner in respect of the environment, employees, customers and local communities. The Board of the ultimate parent company, Royal Mail plc, publishes details of its activities in its Annual Report and Financial Statements.

Research and development

Research and development expenditure during the period amounted to £nil (2015-16: £nil).

Political donations

No political donations were made in the period (2015-16: £nil).

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Indemnity of Directors

To the extent permitted by the Companies Act 2006, the Company may indemnify any Director or former Director of the Company or any associated company against any liability. The ultimate parent undertaking, Royal Mail plc, holds a Directors' and Officers' liability insurance policy covering the Directors and Officers or former Directors of its subsidiary undertakings against any liability.

Cautionary statement regarding forward-looking information

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Going concern

The Company had net assets of £5,462,000 at 26 March 2017 (2015-16: £3,125,000). After analysis of all the factors, including those stated above, the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Employees

Under an agreement between the Company and its immediate parent company Royal Mail Group Limited, people working in the Company are provided by Royal Mail Group Limited. Our goal is to ensure that all employees are engaged and involved in the business and are aligned and equipped to meet business objectives.

Disabled employees

The Company's policy is to give full consideration to applications for employment from disabled persons. Employees who become disabled whilst employed receive full support through the provision of training and special equipment to facilitate continued employment where practicable. The Company provides training, career development and promotion to disabled employees wherever appropriate.

Strategic report

The Directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Royal Mail Courier Services Ltd

Directors' report (continued)

Statement of Directors' responsibilities in respect of the financial statements

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

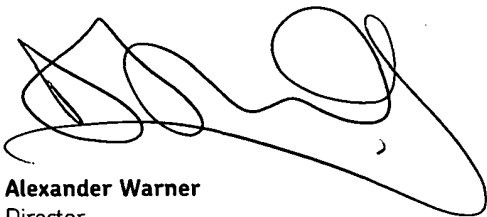
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

By Order of the Board



Alexander Warner

Director

Royal Mail Courier Services Ltd

Registered Number: 06307726

Registered Office: 100 Victoria Embankment, London, EC4Y OHQ

24 July 2017

Independent Auditor's Report to the members of Royal Mail Courier Services Ltd

We have audited the financial statements of Royal Mail Courier Services Limited for the period ended 26 March 2017 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 auditor's 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 March 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period is consistent with the financial statements.

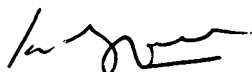
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.



Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

27 July 2017

Royal Mail Courier Services Ltd

Income statement

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

	Notes	52 weeks 2017 £000	52 weeks 2016 £000
Continuing operations			
Revenue		4,554	4,274
People costs	2	(432)	(432)
Other operating costs	3	(3,660)	(3,352)
Operating profit		462	490
Income from investments	5	2,000	-
Finance income	6	4	9
Finance costs	6	(23)	-
Profit before tax		2,443	499
Tax charge	7	(106)	(100)
Profit for the period		2,337	399

Statement of comprehensive income

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

There is no comprehensive income other than the profit attributable to the Company of £2,337,000 (2015-16: £399,000).

Statement of changes in equity.

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

	Notes	Share Capital £000	Retained earnings £000	Total equity £000
Balance at 29 March 2015		-	2,726	2,726
Profit for the period		-	399	399
Balance at 27 March 2016		-	3,125	3,125
Profit for the period		-	2,337	2,337
Balance at 26 March 2017		-	5,462	5,462

Royal Mail Courier Services Ltd

Balance sheet at 26 March 2017 and 27 March 2016

	Notes	At 26 March 2017 £000	At 27 March 2016 £000
Non-current assets			
Investments in subsidiaries	8	17,000	-
Current assets			
Trade and other receivables	9	1,240	2,862
Cash and cash equivalents		728	738
		1,968	3,600
Current liabilities			
Trade and other payables	10	(11,706)	(475)
Net current (liabilities)/assets		(9,738)	3,125
Non-current liabilities			
Deferred consideration	11	(1,800)	-
Net assets		5,462	3,125
Equity			
Share capital	12	-	-
Retained earnings		5,462	3,125
Total equity		5,462	3,125

The financial statements on pages 6 to 12 were approved by the Board of Directors on 24 July 2017 and signed on its behalf by:

Nicholas Landon

Director

Royal Mail Courier Services Ltd

Registered Number: 06307726

Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ

24 July 2017



Royal Mail Courier Services Ltd

Notes to the financial statements

1. Accounting policies

The following accounting policies apply throughout the Company:

Financial period

The financial period ends on the last Sunday in March and, accordingly, these financial statements are made up to the 52 weeks ended 26 March 2017 (2015-16: 52 weeks ended 27 March 2016).

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the period ended 26 March 2017 were authorised for issue by the board of Directors on 24 July 2017. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

Basis of preparation

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the period ended 26 March 2017.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations* (details of business combinations);¹
- (b) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (d) the requirements of IAS 7 *Statement of Cash Flows*;
- (e) the requirements of paragraph 17 and 18(a) of IAS 24 *Related Party Disclosures* (key management compensation and related party transaction amounts); and
- (f) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

¹ Exemption taken as equivalent disclosures are included in the consolidated financial statements of Royal Mail plc.

Accounting standards issued but not yet applied

No new UK Accounting Standards, which affect the presentation of these financial statements, have been issued.

Changes in accounting policy

The accounting policies are consistent with those of the previous financial period.

Key sources of estimation uncertainty and critical accounting judgements

Due to the relatively straightforward nature of the Company and its operations, there are not believed to be any significant estimates or accounting judgements applied in the preparation of these financial statements.

Intercompany trading

The Company makes use of the services of other companies within the Royal Mail Group in order to take advantage of Group synergies, having regard to the mutual dependencies that exist. The intercompany charges recognise these dependencies and are reached through negotiation between the respective businesses.

All loans to and from Royal Mail Group entities are repayable upon demand and so treated as current for accounting purposes.

Revenue

Revenue is derived from specific contracts and is recognised at the time of delivery.

Royal Mail Courier Services Ltd

1. Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries and associates within the Company's financial statements are stated at cost less any accumulated impairment losses.

Current tax

The charge for current tax is based on the results for the reporting period as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is generally provided in full on timing differences at the balance sheet date, at rates expected to apply when the tax liability (or asset) crystallises based on substantively enacted tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Deferred tax is not recognised in the following instances:

- on gains on disposal of fixed assets where, on the basis of available evidence, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when there is a commitment to dispose of those replacement assets;
- on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited directly to reserves if it relates to items that are credited or charged directly to reserves. Otherwise it is recognised in the income statement.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for non-collectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2. People costs and numbers

Under an agreement between the Company and its immediate parent company Royal Mail Group Limited, people working in the Company are provided by Royal Mail Group Limited. The Company meets the full costs of employment. The following information is provided about these staff:

	52 weeks 2017 £000	52 weeks 2016 £000
People costs:		
Wages and salaries	(369)	(380)
Social security costs	(41)	(37)
Pension costs	(22)	(15)
Total	(432)	(432)

Staff numbers, calculated on a headcount basis and including part-time employees were:

	Period end employees		Average employees	
	52 weeks 2017	52 weeks 2016	52 weeks 2017	52 weeks 2016
Total employees	12	13	13	13

3. Other operating costs

Other operating costs of £3,660,000 (2015-16: £3,352,000) mainly relate to distribution and conveyance costs.

Auditor's remuneration amounted to £7,000 (2015-16: £7,000) for the audit of the statutory financial statements. The auditor did not provide any non-audit services for the periods ended 26 March 2017 and 27 March 2016.

Royal Mail Courier Services Ltd

4. Directors' remuneration

The Directors are employees of other undertakings within the Royal Mail Group and did not perform substantive services for the Company during the period, therefore the Directors did not receive any remuneration from the Company during the period (2015-16: £nil).

There are no pension contributions to Directors in respect of qualifying services.

5. Income from investments

Investment income relates to dividend income of £2,000,000 (2015-16: £nil) from Revisecatch Limited.

6. Finance income and costs

	52 weeks 2017 £000	52 weeks 2016 £000
Interest payable to parent company	(23)	-
Interest receivable from parent company	4	9

7. Taxation

(a) Tax charges recognised in the period	52 weeks 2017 £000	52 weeks 2016 £000
Tax charge in the profit and loss account		
Current income tax:		
Current UK income tax charge	(106)	(100)
Total current income tax charge	(106)	(100)
Deferred income tax	-	-
Tax charge in the income statement	(106)	(100)

(b) Reconciliation of the total tax charge

The tax assessed for the period differs to the standard rate of corporation tax in the UK of 20% (2015-16: 20%). An analysis of the charge is given below:

	52 weeks 2017 £000	52 weeks 2016 £000
Profit on ordinary activities before tax	2,443	499
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015-16: 20%)	(489)	(100)
Non-taxable income received	400	-
Non-deductible expenses	(17)	-
Tax charge in the income statement	(106)	(100)

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20 per cent to 19 per cent (effective from 1 April 2017) and to 17 per cent (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. In future, this will reduce the Company's current tax charge accordingly. In accordance with accounting standards, the effect of these rate reductions on deferred tax balances has been reflected in these financial statements, dependent upon when temporary differences are expected to reverse.

(d) Deferred tax

The Company has no recognised or unrecognised deferred tax assets or liabilities

Royal Mail Courier Services Ltd

8. Investments in subsidiaries

	Total £000
Cost	
At 28 March 2016	-
Additions	17,000
At 26 March 2017	17,000
Impairment	
At 28 March 2016	-
At 27 March 2016	-
Net book value	
At 26 March 2017	17,000
At 27 March 2016	-

Investment in the period relates entirely to the purchase of Revisecatch Limited (trading as eCourier). At the period end £3,600,000 of the purchase price remained outstanding in line with the agreed payment terms (see Note 11).

9. Trade and other receivables

	At 26 March 2017 £000	At 27 March 2016 £000
Trade receivables	201	369
Prepayments and accrued income	39	7
Amount owed by Royal Mail Group entities	1,000	2,486
Total	1,240	2,862

10. Trade and other payables

	At 26 March 2017 £000	At 27 March 2016 £000
Trade payables and accruals	(431)	(475)
Deferred consideration (see Note 11)	(1,800)	-
Amounts due to Royal Mail Group entities	(9,389)	-
Amounts due to Royal Mail Group entities for Group tax loss relief	(86)	-
Total	(11,706)	(475)

11. Deferred consideration

Current and non-current deferred consideration relates to payments to be made to the former owners of Revisecatch Limited in relation to the purchase consideration for the final 47% share capital in the company purchased on 15 November 2016.

12. Issued share capital

	At 26 March 2017 £	At 27 March 2016 £
Allotted and fully paid		
One ordinary share of £1	1	1
Total	1	1

Royal Mail Courier Services Ltd

13. Related party disclosures

The Company has taken advantage of two of the exemptions conferred by FRS 101.8, whereby certain details regarding transactions with 100% owned subsidiaries within the same Group do not have to be disclosed where Group financial statements are publicly available and disclosures relating to key management personnel compensation are not required.

The sales to and purchases from related parties are made at normal market prices. Balances outstanding at the period end are unsecured, interest free and settlement is made by cash.

14. Immediate and ultimate parent company

At 26 March 2017, Royal Mail Group Limited is the immediate parent company and Royal Mail plc is the ultimate parent company. The results of the Company are included in the Royal Mail plc Annual Report and Financial Statements, which are available from the Company Secretary, 100 Victoria Embankment, London, EC4Y 0HQ or at www.royalmailgroup.com.

15. Related undertakings of Royal Mail Courier Services Limited

In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 26 March 2017 is disclosed below. Unless otherwise stated, the share capital disclosed comprises ordinary or common shares which are held directly by the Company or its subsidiaries.

Company Name	Share Class	% held by Group
United Kingdom		
100 Victoria Embankment, London, EC4Y 0HQ, United Kingdom		
Revisecatch Limited	£0.01 Ordinary shares	100.000