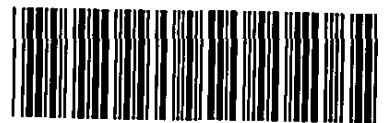


Company Number 319964

TUFFNELLS PARCELS EXPRESS LIMITED
Annual Report and Financial Statements
For the year ended 31 December 2010

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Tuffnells Parcels Express Limited

Annual Report and Financial Statements

For the year ended 31 December 2010

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Tuffnells Parcels Express Limited

Directors' Report

For the year ended 31 December 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities

The company's principal activity during the year was express parcel collection and delivery throughout the U K , Ireland and internationally

Business review and prospects

The directors have continued to develop the business of the company, and maintain the focus of continuing to invest in infrastructure and computer related technology

Key Performance Indicators

The directors use several key performance indicators (KPIs) to measure progress

Senior equity holders and key investors are also directors of the Company and are closely involved in the Group's operations. The Company's directors therefore believe that analysis of the Company's performance for the year using Key Performance Indicators is not necessary, as the shareholders already appropriately understand the development, performance and position of the Company

Principal risks and uncertainties

Management consider that the key risk for the Company is the continuing competitive pressure within the parcel delivery sector. The Company manages this risk by striving to maintain and improve the quality of the service offered to its customers within a competitive price background. Despite the continuing difficult economic climate of 2010 the company has improved its service levels and has experienced a significant improvement in trading performance in the year to date

Financial risk management

The main financial risks, to which the Group has exposure, are interest rate risk, liquidity risk and credit risk, which are managed at a Group level. The Group borrows at fixed and floating rates of interest and makes use of interest rate swaps to generate the desired interest profile and to manage its exposure to interest rate fluctuation. In respect of liquidity risk, the Group aims to maintain a balance between continuity of funding and flexibility through the use of bank loans, finance leases and overdrafts. The group has implemented policies that require appropriate credit checks on potential customers before sales are made

Results and dividends

The profit on ordinary activities before taxation was £8,588,000 (2009 £7,244,000). The directors have approved payment of a final dividend of £7,400,000 (2009 £6,100,000). The retained profit before dividends of £7,356,000 (2009 £6,497,000) has been transferred to reserves, from which the above dividend was paid

Directors

The following were directors of the company during the year ended 31 December 2010 and up to the date of this report

Mr L J C Dunn

Mr I P Brewer

Employment of disabled persons

It is the company practice to facilitate the employment of disabled persons and to provide, whenever possible, opportunities for training, career development and promotion. In the event of employees becoming disabled in the service of the company, every effort would be made to rehabilitate them in their former jobs or some other suitable alternative, and to provide appropriate training and specialist advice

Tuffnells Parcels Express Limited

Directors' Report

For the year ended 31 December 2010 (continued)

Employee involvement

As a key part of the company's philosophy, it continues to place great importance on involving employees in its operations. Regular meetings are held between employees and senior management to create the necessary attitudes and skills towards good communication and consultations. Through these meetings and the normal chain of command the company seeks to keep employees informed and involved in its activities.

Land and Buildings

In the opinion of the directors, there was no significant difference between the market value and book value of the properties at 31 December 2010.

Statement of directors' responsibilities

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tuffnells Parcels Express Limited

Directors' Report

For the year ended 31 December 2010 (continued)

Disclosure of information to auditors

For each person who is a director at the time of approval of this report

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board of Directors
and signed on behalf of the Board



I P Brewer
Company secretary
24 March 2011

Tuffnells Parcels Express Limited

Independent auditors' report to the members of Tuffnells Parcels Express Limited

We have audited the financial statements of Tuffnells Parcels Express Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Tuffnells Parcels Express Limited

**Independent auditors' report
to the members of Tuffnells Parcels Express Limited
(continued)**

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



David Thurkettle (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
24 March 2011

Tuffnells Parcels Express Limited

Profit and loss account For the year ended 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|--|------|----------------|---------------|
| Turnover | 2 | 102,476 | 95,572 |
| Costs and other operating charges | 3 | (93,506) | (87,911) |
| Operating profit | 5 | 8,970 | 7,661 |
| Net interest payable and similar charges | 6 | (382) | (417) |
| Profit on ordinary activities before taxation | | 8,588 | 7,244 |
| Tax on profit on ordinary activities | 7 | (1,232) | (747) |
| Profit for the financial year | | 7,356 | 6,497 |

The profit and loss account has been prepared on the basis that all operations are continuing operations

Statement of total recognised gains and losses For the year ended 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|---|-------|---------------|---------------|
| Profit for the financial year | | 7,356 | 6,497 |
| Actuarial gain/(loss) relating to the pension scheme | 21 | 568 | (803) |
| UK deferred tax attributable to the actuarial loss | | (162) | 200 |
| Total recognised gains and losses relating to the year | 17,18 | 7,762 | 5,894 |

Tuffnells Parcels Express Limited

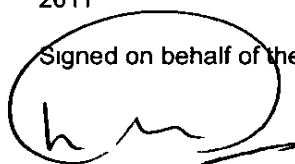
Company Number 31996

Balance sheet As at 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|--|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 9 | <u>19,188</u> | <u>19,631</u> |
| Current assets | | | |
| Stocks | 10 | 396 | 377 |
| Debtors | 11 | 34,100 | 23,506 |
| Cash at bank and in hand | 12 | <u>1,949</u> | <u>2,648</u> |
| | | <u>36,445</u> | <u>26,531</u> |
| Creditors, amounts falling due within one year | 13 | <u>(15,713)</u> | <u>(13,523)</u> |
| Net current assets | | <u>20,732</u> | <u>13,008</u> |
| Total assets less current liabilities | | 39,920 | 32,639 |
| Creditors, amounts falling due after more than one year | 14 | <u>(28,408)</u> | <u>(21,076)</u> |
| Provision for liabilities | 15 | - | (10) |
| Net assets excluding pension liability | | <u>11,512</u> | <u>11,553</u> |
| Pension liability | 21 | <u>(315)</u> | <u>(718)</u> |
| Net assets including pension liability | | <u>11,197</u> | <u>10,835</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 1,092 | 1,092 |
| Profit and loss account | 17 | <u>10,105</u> | <u>9,743</u> |
| Total Shareholders' funds | 18 | <u>11,197</u> | <u>10,835</u> |

The financial statements on pages 6 to 19 were approved by the Board of Directors on 24 March 2011

Signed on behalf of the Board of Directors



L J C Dunn
Director

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention as modified by the revaluation of certain fixed assets

A summary of the main accounting policies, which have been applied consistently, is set out below

Tangible fixed assets

Tangible fixed assets are stated at historic cost or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition.

Depreciation is calculated to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates of depreciation are as follows:

| | |
|--|------------|
| Freehold and long leasehold land | Nil |
| Freehold and long leasehold buildings | 2%-5% |
| Short leaseholds (less than 50 years to run) | Lease life |
| Motor vehicles and trailers | 12.5%-25% |
| Plant, fixture and fittings | 10%-40% |

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the direct cost of stocks.

Leases and hire purchase contracts

Assets obtained under finance leases and hire purchase contracts are recorded in the balance sheet as tangible fixed assets, initially at fair value, and depreciated over the shorter of the lease term or their estimated useful life. Future rental obligations are included within borrowings. The interest element of the rental payable is charged to the profit and loss account over the period of the lease using the actuarial method.

Operating lease rentals are charged to the profit and loss account in the year in which they arise.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010 (Continued)

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Related party transactions

The company has taken advantage of exemptions within Financial Reporting Standard 8 and has not disclosed transactions with other group companies.

Cash flow statement

The company has taken advantage of exemptions within Financial Reporting Standard 1 (revised 1996) and has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of The Big Green Parcel Holding Company Limited which prepares group financial statements that are publicly available.

2. Turnover

Turnover represents the invoiced amount of sales, net of VAT, and constitutes one class of business. All turnover originates within the United Kingdom. Revenue is recognised upon satisfactory delivery of parcels collected.

3. Costs and other operating charges

| | 2010 £'000 | 2009 £'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 12,672 | 10,807 |
| Other external charges | 30,919 | 28,660 |
| Staff costs (note 4) | 37,015 | 36,325 |
| Depreciation | 2,463 | 2,648 |
| Other operating charges | 10,437 | 9,471 |
| | <u>93,506</u> | <u>87,911</u> |

Tuffnells Parcels Express Limited

Notes to the financial statements

For the year ended 31 December 2010 (Continued)

4. Information regarding directors and employees

| | 2010 Number | 2009 Number |
|--|----------------|----------------|
| Average monthly number of persons employed during the year were | | |
| (including directors): | | |
| Haulage | 1,375 | 1,326 |
| Office and management | 450 | 440 |
| | <u>1,825</u> | <u>1,766</u> |
| | £'000 | £'000 |
| Staff costs during the year (including directors): | | |
| Wages and salaries | 33,765 | 33,135 |
| Social security costs | 3,046 | 3,012 |
| Other pension costs | 204 | 178 |
| | <u>37,015</u> | <u>36,325</u> |

Directors' emoluments

The directors did not receive any remuneration from the company for their services during the year (2009 £nil). The total remuneration received by the directors during the year was £302,000 (2009 £532,000) which was paid by the ultimate parent company, The Big Green Parcel Holding Company.

The directors were members of a defined benefit pension scheme. No pension costs were incurred by the company in relation to the directors.

5. Operating profit

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Operating profit is stated after charging: | | |
| Rentals under operating leases | | |
| Plant and machinery | 7,934 | 7,118 |
| Other | 963 | 892 |
| Auditors' remuneration | | |
| Audit | 30 | 28 |
| Other services - taxation | 8 | 14 |
| Depreciation | | |
| Owned assets | 1,365 | 732 |
| Assets held on finance leases and hire purchase contracts | <u>1,098</u> | <u>1,916</u> |

6. Net interest payable and similar charges

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Short term borrowings | (192) | (162) |
| Finance leases and hire purchase contracts | <u>(215)</u> | <u>(317)</u> |
| | (407) | (479) |
| Net return on pension scheme (note 21) | 21 | 54 |
| Interest receivable | <u>4</u> | <u>8</u> |
| | <u>(382)</u> | <u>(417)</u> |

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010 (Continued)

7. Tax on profit on ordinary activities

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| UK Corporation tax at 28% (2009 28%) | 1,377 | 735 |
| Adjustment in respect of prior years | (56) | 69 |
| Total current taxation | <u>1,321</u> | <u>804</u> |
| Deferred taxation | | |
| Timing differences, origination and reversal | <u>(89)</u> | <u>(57)</u> |
| | <u>1,232</u> | <u>747</u> |

The rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)
The actual tax charge for the current and the previous year differs to the average rate for the reasons set out in the following reconciliation

| | 2010 £'000 | 2009 £'000 |
|--|----------------|----------------|
| Profit on ordinary activities before taxation | <u>8,588</u> | <u>7,244</u> |
| Tax on profit on ordinary activities at average rate | <u>2,405</u> | <u>2,028</u> |
| Factors affecting the charge for the period | | |
| Capital allowances in excess of depreciation | 113 | 141 |
| Expenses not deductible for tax purposes | 5 | 81 |
| Movement in pension scheme deficit | 1 | (25) |
| Adjustments in respect of prior years | (56) | 69 |
| Movement in other timing differences | (22) | (85) |
| Group relief | <u>(1,125)</u> | <u>(1,405)</u> |
| Total actual amount of current tax | <u>1,321</u> | <u>804</u> |

8. Dividends

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Final equity dividend approved of £6 7778 per share (2009 £5 587 per share) | 7,400 | 6,100 |
| | <u>7,400</u> | <u>6,100</u> |

Notes to the financial statements
For the year ended 31 December 2010 (Continued)

9. Tangible assets

| | Land and buildings | | | Motor vehicles and trailers | Plant, fixtures and fittings | Total |
|---------------------------------|--------------------|-------------------------|--------------------------|-----------------------------|------------------------------|---------------|
| | Freehold £'000 | Long leasehold £'000 | Short leasehold £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | | |
| At 1 January 2010 | 14,042 | 1,434 | 63 | 8,822 | 10,376 | 34,737 |
| Additions | 84 | 6 | 157 | 572 | 1,234 | 2,053 |
| Disposals | - | - | - | (366) | (117) | (483) |
| At 31 December 2010 | 14,126 | 1,440 | 220 | 9,028 | 11,493 | 36,307 |
| Accumulated depreciation | | | | | | |
| At 1 January 2010 | 1,758 | 444 | 32 | 5,463 | 7,409 | 15,106 |
| Charge for the year | 226 | 26 | 17 | 908 | 1,286 | 2,463 |
| Disposals | - | - | - | (366) | (84) | (450) |
| At 31 December 2010 | 1,984 | 470 | 49 | 6,005 | 8,611 | 17,119 |
| Net book value | | | | | | |
| At 31 December 2010 | 12,142 | 970 | 171 | 3,023 | 2,882 | 19,188 |
| At 31 December 2009 | 12,284 | 990 | 31 | 3,359 | 2,967 | 19,631 |

Financial Reporting Standard 15 Tangible Fixed Assets was implemented in the financial statements of the company in the year ended 31 December 2000. In accordance with the transitional provisions of this Standard, the components of the freehold and long leasehold land and buildings currently shown at revalued amount are held at valuation.

The last independent valuations of freehold and long leasehold land and buildings were performed in 1990, 1998 and 2009 respectively, the latest of which valued freehold land and buildings at £11,960,000 and long leasehold property at £1,210,000 (2009 £1,210,000).

The historical cost of the freehold and leasehold property at 31 December 2010 amounted to £14,210,000 (2009 £14,126,000) and £1,485,000 (2009 £1,479,000) respectively. No allocation of cost between land and buildings in respect of freehold and long leaseholds existed prior to 1 January 1977. It is therefore not possible to compute the depreciation of buildings based on historical cost.

The net book value of assets held under finance leases and hire purchase contracts at 31 December 2010 amounted to £3,201,716 (2009 £4,652,000).

Tuffnells Parcels Express Limited

Notes to the financial statements

For the year ended 31 December 2010 (Continued)

10. Stocks

| | 2010 £'000 | 2009 £'000 |
|-------------|---------------|---------------|
| Consumables | <u>396</u> | <u>377</u> |

11. Debtors

| | 2010 £'000 | 2009 £'000 |
|----------------------------------|---------------|---------------|
| Trade debtors | 7,639 | 7,246 |
| Amounts owed by parent companies | 21,308 | 12,989 |
| Prepayments | 2,822 | 2,502 |
| Deferred tax asset (Note15) | 81 | - |
| Other debtors | <u>2,250</u> | <u>769</u> |
| | <u>34,100</u> | <u>23,506</u> |

12. Restricted cash

Included in Cash at Bank and in Hand at 31 December 2009 were two guaranteed fixed deposit accounts totalling of £225,000, these were released back into cash reserves during 2010

13. Creditors: amounts falling due within one year

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Short term borrowings | 2,052 | 1,523 |
| Obligations under finance lease and hire purchase contracts (note 14) | 1,115 | 1,719 |
| Trade creditors | 6,307 | 5,371 |
| Corporation tax | 580 | 288 |
| Accruals | 1,646 | 1,215 |
| Other taxation and social security | 2,859 | 2,305 |
| Other creditors | <u>1,154</u> | <u>1,102</u> |
| | <u>15,713</u> | <u>13,523</u> |

Tuffnells Parcels Express Limited

Notes to the financial statements

For the year ended 31 December 2010 (Continued)

14. Creditors: amounts falling due after more than one year

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Amount owed to parent companies | 26,836 | 19,436 |
| Obligations under finance leases and hire purchase contracts | 1,572 | 1,640 |
| | <u>28,408</u> | <u>21,076</u> |
| Analysis of finance lease and hire purchase repayments | | |
| Within one year (note 12) | 1,115 | 1,719 |
| Between two and five years | 1,572 | 1,640 |
| | <u>2,687</u> | <u>3,359</u> |

Amounts outstanding in relation to finance lease and hire purchase contracts are secured upon the assets to which they relate

15. Deferred tax

| | | £'000 |
|--|---------------|---------------|
| Deferred taxation: | | |
| At 1 January 2010 | | (10) |
| Transferred from other group companies | | 2 |
| Credited to the profit and loss account | | 89 |
| At 31 December 2010 – note 11 | | <u>81</u> |
| | 2010 £'000 | 2009 £'000 |
| Deferred tax relating to pension deficit: | | |
| At 1 January | 279 | 79 |
| Credited/charged to the statement of total recognised gains and losses | (162) | 200 |
| | <u>117</u> | <u>279</u> |

The amounts of deferred taxation provided in the financial statements are as follows

| | Provided 2010 £'000 | Provided 2009 £'000 |
|--|---------------------------|---------------------------|
| Capital allowances in excess of depreciation | (69) | 40 |
| Other short term timing differences | (12) | (30) |
| | <u>(81)</u> | <u>10</u> |

There was no unprovided deferred tax in the current or prior year

16. Called up share capital

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Authorised, allotted, issued and fully paid | | |
| 1,091,800 ordinary shares of £1 each | <u>1,092</u> | <u>1,092</u> |

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010 (Continued)

17. Profit and loss account

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| 1 January | 9,743 | 9,949 |
| Profit for the financial year | 7,356 | 6,497 |
| Dividends | (7,400) | (6,100) |
| | <u>9,699</u> | <u>10,346</u> |
| Actuarial gain/(loss) relating to the pension scheme | 568 | (803) |
| Deferred tax movement in respect of the pension scheme | (162) | 200 |
| 31 December | <u>10,105</u> | <u>9,743</u> |

18. Reconciliation of movement in equity shareholders' funds

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Profit for the financial year | 7,356 | 6,497 |
| Dividends | (7,400) | (6,100) |
| Actuarial gain/(loss) relating to the pension scheme | 568 | (803) |
| Deferred tax movement in respect of the pension scheme | (162) | 200 |
| Net addition to/(reduction in) equity shareholders' funds | <u>362</u> | <u>(206)</u> |
| Opening equity shareholders' funds | 10,835 | 11,041 |
| Closing equity shareholders' funds | <u>11,197</u> | <u>10,835</u> |

19. Capital commitments

| | 2010 £'000 | 2009 £'000 |
|-------------------------------|---------------|---------------|
| Authorised and contracted for | <u>90</u> | <u>150</u> |

20. Operating lease commitments

| | 2010 | | 2009 | |
|-------------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | Plant and Equipment £'000 | Land and Buildings £'000 | Plant and Equipment £'000 | Land and Buildings £'000 |
| Expiring within one year | 548 | 40 | 551 | - |
| Expiring between two and five years | 6,349 | 825 | 5,057 | 498 |
| Expiring after five years | 86 | 55 | 624 | 394 |
| | <u>6,983</u> | <u>920</u> | <u>6,232</u> | <u>892</u> |

Tuffnells Parcels Express Limited

Notes to the financial statements

For the year ended 31 December 2010 (Continued)

21. Pensions

Employees of Tuffnells Parcels Express Limited participate in a number of pension schemes. The Tuffnells Parcels Express Pension Scheme in which employees of The Big Green Parcel Holding Company Limited and The Big Green Parcel Group Limited also participate, is a defined benefit scheme operated for existing members and senior members of staff.

The last formal valuation of the scheme had an effective date of 1 April 2010. The scheme is closed to new entrants. Other members of staff are eligible to join the Prudential Money Purchase Pension Scheme, a defined contribution scheme which is fully funded. There is also a Stakeholder scheme with Norwich Union which all relevant employees are eligible to join.

The total pension charge for the company for the year was £204,000 (2009: £178,000). The charge for defined contribution pension schemes was £62,000 (2009: £92,000).

The full actuarial valuation of the defined benefit scheme carried out as at 1 April 2010 has been updated to 31 December 2010 by a qualified independent actuary to comply with Financial Reporting Standard 17. The major assumptions used for the actuarial valuation were:

| | 2010 | 2009 |
|---|-------|-------|
| Rate of increase in salaries | 4.00% | 4.15% |
| Rate of increase of pensions in payment | 3.50% | 3.65% |
| Discount rate | 5.50% | 5.75% |
| Inflation assumption | 3.50% | 3.65% |
| Expected return on scheme assets | 6.11% | 7.10% |
| | | |
| Retiring today | | |
| Males | 84.9 | 83.1 |
| Females | 87.6 | 86.1 |
| | | |
| Retiring in 20 years | | |
| Males | 86.6 | 84.3 |
| Females | 89.4 | 87.3 |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| | Change in assumption | Impact on scheme liabilities |
|-----------------------|---|------------------------------|
| Discount rate | Decrease by 1.0% per year | Increase by 23.3% |
| Rate of inflation | Decrease by 0.1% per year | Reduce by 1.3% |
| Rate of salary growth | Decrease by 0.5% per year | Reduce by 2.4% |
| Mortality | Increase by 1% per year (medium cohort) | Increase by 3.3% |

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010 (Continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were

| | 2010 % | 2010 £'000 | 2009 % | 2009 £'000 |
|-------------------------------------|-----------|----------------|-----------|----------------|
| Equities | 7.00 | 5,162 | 7.50 | 4,999 |
| Bonds | - | - | 5.75 | 1,440 |
| Swap contracts | 4.25 | 2,358 | - | - |
| Cash/other | 0.50 | 35 | 0.50 | 42 |
| Total fair value of assets | | <u>7,555</u> | | <u>6,481</u> |
| Present value of scheme liabilities | | <u>(7,987)</u> | | <u>(7,478)</u> |
| Deficit in the scheme | | <u>(432)</u> | | <u>(997)</u> |
| Related deferred tax asset | | <u>117</u> | | <u>279</u> |
| Net pension liability | | <u>(315)</u> | | <u>(718)</u> |

The contribution rates throughout 2010 were 13.9% (2009 13.9%) for the employer and 5% (2009 5%) for employees

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Analysis of the amount that have been charged to operating profit | | |
| Current service cost | <u>(143)</u> | <u>(86)</u> |
| | <u>(143)</u> | <u>(86)</u> |
| Analysis of the amount that have been credited/(charged) to other financial income | | |
| Expected return on pension scheme assets | 454 | 414 |
| Interest on pension scheme liabilities | <u>(433)</u> | <u>(360)</u> |
| | <u>21</u> | <u>54</u> |

Actuarial gains and losses have been reported in the statement of total recognised gains and losses

The actual return on scheme assets was £1,176,000 (2009 £1,174,000)

Tuffnells Parcels Express Limited

Notes to the financial statements For the year ended 31 December 2010 (Continued)

Movements in the present value of defined benefit obligations were as follows.

| | 2010 £'000 | 2009 £'000 |
|-----------------------------------|---------------|---------------|
| At 1 January | 7,478 | 5,581 |
| Service cost | 143 | 86 |
| Interest cost | 433 | 360 |
| Contributions from scheme members | 43 | 43 |
| Actuarial (gains) and losses | 154 | 1,563 |
| Benefits paid | (264) | (155) |
| At 31 December | 7,987 | 7,478 |

Movements in the fair value of scheme assets were as follows:

| | 2010 £'000 | 2009 £'000 |
|----------------------------------|---------------|---------------|
| At 1 January: | 6,481 | 5,298 |
| Expected return on scheme assets | 454 | 414 |
| Actuarial gain/(losses) | 722 | 760 |
| Contributions by the company | 119 | 121 |
| Contributions by members | 43 | 43 |
| Benefits paid | (264) | (155) |
| At 31 December | 7,555 | 6,481 |

History of experience gains and losses

| | 2010 £'000 | 2009 £'000 | 2008 £'000 | 2007 £'000 | 2006 £'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Scheme assets | 7,555 | 6,481 | 5,298 | 6,156 | 5,631 |
| Defined benefit obligation | (7,987) | (7,478) | (5,581) | (6,178) | (5,702) |
| Deficit | (432) | (997) | (283) | (22) | (71) |
| Difference between the expected and actual return on scheme assets: | | | | | |
| Amount | 722 | 760 | (1,447) | (22) | 223 |
| Experienced gains/(losses) on scheme liabilities: | | | | | |
| Amount | (154) | (1,563) | 1,076 | (157) | 147 |
| Total actuarial gains & losses recognised in the Statement of Total Recognised Gains and Losses | 568 | (803) | (371) | (179) | 370 |

The estimated amounts of company contributions expected to be paid to the scheme during the year ended 31 December 2010 is £136,000 (2009 £143,000)

Tuffnells Parcels Express Limited

Notes to the financial statements

For the year ended 31 December 2010 (Continued)

22. Contingent liabilities

The company has guaranteed the loans and bank overdrafts of all group companies by way of a cross-guarantee dated 20 March 2008 and a debenture providing legal charges over the company's properties. At 31 December the total borrowings covered by these guarantees were £38,291,000 (2009 £41,841,000)

23. Ultimate parent company and immediate controlling party

The immediate parent company is The Big Green Parcel Machine Limited. The ultimate parent company is The Big Green Parcel Holding Company Limited, a company incorporated in Great Britain and registered in England and Wales, which is the parent undertaking of the largest and smallest group of undertaking to consolidate financial statements. Copies of the group financial statements of The Big Green Parcel Holding Company Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. The directors consider the group to have no ultimate controlling party.