

GEOPOST UK LIMITED

**Directors' report and financial
statements**

Registered number 732993

For the year ended 1 January 2012

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Contents

Directors' report	1
Statement of directors' responsibilities	5
Independent auditors' report to the members of GeoPost UK Limited	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Balance sheet	9
Notes	10

Directors' report

The directors present their report and the audited financial statements for the year ended 1 January 2012

PRINCIPAL ACTIVITIES

The company provides transport related services, including the collection and delivery of parcels, distribution and logistics management. There have not been any significant changes in the Company's activities in the year under review. The directors are not aware, as at the date of this report, of any likely major changes in the Company's principal activities.

BUSINESS REVIEW

The results for the year are set out on page 7

Strategy

The Company has continued to develop its businesses and the directors are satisfied with the operating results.

The Company has continued to offer excellent levels of service to its customers and the Directors believe that it has grown its market share in line with its strategic objectives.

The Company has made plans to continue to grow market share and has put in place strategies and investment programmes to achieve this objective.

The Board believes that the Company is well placed to deliver further growth of revenue and profit from both core products and from further value-added services.

Operational Review

The Company continued to offer a full range of domestic and international, door to door, collection and delivery parcel services. The largest share of revenue continued to come from Next Day parcels, although the Company continued to grow revenue from its premium, international and specialist value-added services.

Turnover in the year increased 16% to £329 million. Growth in outbound international services was faster than that of domestic services and the company continued to benefit from its Group membership of the leading European road based DPD network.

The Company has continued to invest heavily in training programmes for its employees and continues to recognise the outstanding pride and passion of all of its employees and owner driver franchisees.

We have continued to develop and build upon our industry leading customer care programmes, to maintain our excellent health and safety standards and to take the utmost care in the safe handling of our customers' parcels.

The Company ended the year in a very strong financial position and the Board believe that this position, coupled with the strength of its parent La Poste (The French Post Office), puts it in a market leading position for future development.

Key Performance Indicators (KPIs)

The Company manages everything that is important to its customers and to its financial performance through a series of KPIs. Using a decentralised management approach wherever possible, KPIs may be measured at depot and/company level.

The KPIs used within the Company include

- On-time delivery service levels
- Revenue per operational unit
- Operational unit costs
- Days sales outstanding

The on-time delivery service levels continue to be of a very high standard.

Fixed Assets

Movements in fixed assets are set out on page 15.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board recognises that the future success of the Company is subject to a number of risks. In the opinion of the Board, the key risks to the business are as follows:

The Economy and Competitor Activity

The Company's future growth projections include an assumption of economic growth (which was based on independent information), but the Board recognises that this element of its growth is a risk. However, the Board is confident that its strategies for profitable growth mitigate the risk of an economic downturn as much as possible.

Fuel Prices

A significant proportion of the Company's cost base is fuel price dependent. It is normal practice for the Company and its competitors to pass on the impact of increased fuel prices to customers, through fuel surcharges.

Credit Risk

The Company offers credit facilities to its customers and the Board recognises that it has a risk that debts will not be paid. Appropriate credit risk procedures are operated to minimise this risk. The Company has thousands of customers and this spread of sales ledger debt limits overall exposure.

Financial Instruments

The company's activities expose it to a variety of financial risks, including the effects of foreign currency, exchange rates and interest rates. The company's overall risk management policy focuses on monitoring potential adverse effects where considered material. The company may use derivative financial instruments, such as forward contracts to hedge against certain future exposures.

Business Interruption

The Board recognise that it is at risk from the loss of an IT system or a key operational facility. The Company has a specific Business Interruption policy which is reviewed and updated regularly. The Business Interruption policy contains continuity plans which the Board believe minimise the risk to the Company.

DIVIDENDS AND RESULTS

A dividend of 75p (2010 96p) per ordinary share amounting to £30,000,000 (2010 £38,000,000) was paid on the 11th July 2011.

The retained profit for the financial year will be transferred to reserves. The results for the year are shown on page 7.

DIRECTORS

The directors of the company who have held office since 3 January 2011 to the date of this report are:

D McDonald
D L Adams
P M Chavanne
C Shiels

Directors' and officers' liability insurance cover is maintained by the ultimate holding company.

EMPLOYMENT OF DISABLED PERSONS

The group gives due consideration to applications for employment by disabled persons and encourages the career development of such persons as it is able to employ. In the event of employees becoming disabled whilst in the service of the group, every effort is made to continue their employment by transfer to alternative duties, if required, and by the provision of such retraining as is appropriate.

EMPLOYEE COMMUNICATION

It is the policy of the group to endeavour to maintain close links with the whole of the work force. The Company communicates with its employees in a number of ways including notice boards, newsletters and other channels.

The Board takes employees' interests into account when making decisions and welcomes suggestions from employees aimed at improving the Company's performance.

DONATIONS

Charitable donations made during the year amounted to £96,839 (2010 £93,545) for Variety the Children's Charity, and £69,740 (2010 nil) for Breakthrough Breast Cancer.

CREDITOR PAYMENT POLICY

Terms and conditions are agreed with suppliers in advance. Payment is then made in accordance with the agreement, providing the supplier has met the terms and conditions.

The company's trade creditors at 1 January 2012 were 50 days (2010 58 days) based on average amounts invoiced by suppliers during the year.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved:

- * so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- * each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

AUDITORS

Mazars LLP will continue in office in accordance with CA 2006 s487(2).

By order of the board



DL Adams
Director
24th September 2012

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 elected to prepare 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 the 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 judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEOPOST UK LIMITED

We have audited the financial statements of GeoPost UK Limited for the year ended 1 January 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of the historical cost profits and losses, the balance sheet 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 Directors' Responsibilities Statement set out on page 5, 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 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 the 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.

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.



Tim W Hudson (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)
The Lexicon
Mount Street
Manchester
M2 5NT

25 September 2012

Profit and loss account
for the year ended 1 January 2012

	<i>Notes</i>	1 January 2012 £000	2 January 2011 £000
Turnover	2	328,738	282,203
Operating profit	3	36,106	27,320
Income from shares in group undertakings		18,000	10,000
Loss on disposal of fixed assets		(136)	(12)
Loss on revaluation		(460)	-
Profit on ordinary activities before interest		53,510	37,308
Interest receivable and similar income	6	16	27
Interest payable and similar charges	7	(956)	(2,295)
Profit on ordinary activities before taxation		52,570	35,040
Tax on profit on ordinary activities	8	(9,809)	(7,110)
Profit on ordinary activities after tax	19	42,761	27,930

The company's turnover and expenses all relate to continuing operations

The accompanying notes are an integral part of this statement

Statement of total recognised gains and losses
for the year ended 1 January 2012

	1 January 2012 £000	2 January 2011 £000
Profit for the financial year	42,761	27,930
Actuarial gains/(losses) recognised in defined benefit pension scheme	(24,573)	3,457
Deferred tax on actuarial movements in the year	3,624	(1,879)
(Loss)/profit on revaluation of freehold properties	(100)	-
	<hr/>	<hr/>
Total recognised gains relating to the year	21,712	29,508
	<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 1 January 2012

	1 January 2012 £000	2 January 2011 £000
Reported profit on ordinary activities before taxation	52,570	35,040
Difference between historic cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	290	237
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	52,860	35,277
	<hr/>	<hr/>
Historical cost profit for the financial year retained after taxation	43,051	28,167
	<hr/>	<hr/>

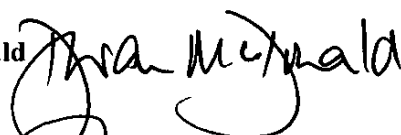
The accompanying notes are an integral part of this statement

Balance sheet
as at 1 January 2012

	Notes	1 January 2012		2 January 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		104,665		109,572
Investment in group undertakings	11		60,786		60,786
			<u>165,451</u>		<u>170,358</u>
Current assets					
Stocks	12	1,803		1,635	
Debtors	13	49,140		44,387	
Cash at bank		21,585		12,821	
		<u>72,528</u>		<u>58,843</u>	
Creditors: amounts falling due within one year	14	(88,577)		(84,445)	
Net current liabilities			(16,049)		(25,602)
			<u>149,402</u>		<u>144,756</u>
Creditors: amounts falling due after more than one year	15		62,146		64,580
Provision for liabilities and charges	16		1,089		1,128
Pension liability	20		30,704		15,297
			<u>93,939</u>		<u>81,005</u>
Capital and reserves					
Called up share capital	17	39,745		39,745	
Share premium account	18	119		119	
Revaluation reserve	18	5,851		5,951	
Profit and loss account	18	9,748		17,936	
Equity shareholders' funds	19		<u>55,463</u>		<u>63,751</u>
			<u>149,402</u>		<u>144,756</u>

The financial statements were approved by the board of directors on the 24th September 2012 and signed on its behalf by

D McDonald
Director



DL Adams
Director



Registered number 732993
The accompanying notes are an integral part of this statement

Notes

(forming part of the financial statements)

1 ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards on a basis consistent with the prior year

Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of properties

Cash flow statement

Under Financial Reporting Standard Number 1 the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements within which the company is included are publicly available

Group financial statements

The Company is exempt from the requirement to prepare group financial statements for this year under Section 400 of the Companies Act 2006 due to its results being included in a larger EC group. These financial statements present information about the undertaking as an individual undertaking and not about its group

Turnover

Turnover represents the invoiced value of services rendered, excluding value added tax. Revenue is recognised after collection and sorting of consignments

Foreign currencies

Profit and loss items expressed in foreign currencies are translated into sterling at average rates for the relevant accounting year. Monetary assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the end of the financial year, differences on exchange being included in operating results

Depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost less depreciation and any provision for impairment. Depreciation is calculated to write-off the cost or revalued amount of fixed assets on a straight line basis over the expected useful lives of the assets concerned. Depreciation is charged from the date of acquisition and the principal annual rates used for this purpose are

Freehold land	nil
Freehold buildings	2.5%
Leasehold improvements	term of lease
Plant and equipment	10%
Fixtures and fittings	10 to 20%
Computer hardware and software	20 to 50%

Fixed asset investments

Shares in group companies are stated at cost less amounts written off where, in the opinion of the directors, there has been a permanent diminution in value

Notes (continued)

1 ACCOUNTING POLICIES (CONTINUED)

Research and development

Unless it meets the capitalisation criteria of SSAP13, expenditure on research and development is expensed in the income statement in the year in which it is incurred

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight-line basis over the shorter of the lease term and the useful life of the asset. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting year is a constant percentage of the remaining balance of the capital sum outstanding

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Pensions

Defined benefit scheme

The pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme deficit is recognised in full on the balance sheet

Defined contribution scheme

Payments in respect of other post-retirement benefits are charged to the profit and loss account in the period in which they relate

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents actual invoice price and net realisable value is the price at which stocks can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving and defective stocks

Notes (continued)

2 TURNOVER

All turnover and profit before taxation is derived from transport activities in the United Kingdom

3 OPERATING PROFIT

The operating profit is analysed as follows

	1 January 2012 £'000	2 January 2011 £'000
Turnover	328,738	282,203
External operating charges	121,520	99,609
Operating asset costs	52,454	43,066
Employment costs (note 5)	119,392	110,735
Depreciation and other amounts written off tangible assets	10,839	12,448
Recharges to subsidiary undertakings	(11,573)	(10,975)
	<u>292,632</u>	<u>254,883</u>
Operating profit	<u>36,106</u>	<u>27,320</u>

Profit on ordinary activities before taxation

The profit on ordinary activities is stated after charging

	1 January 2012 £000	2 January 2011 £000
Auditors' remuneration - audit	78	78
- other services		
Hire of plant and equipment - rentals payable under operating leases	16,023	14,222
Hire of other assets – rentals payable under operating leases	1,195	1,150
Foreign exchange (profit)/loss	(55)	(21)
Depreciation and other amounts written off tangible fixed assets	9,367	10,376
Depreciation and other amounts written off assets held under finance leases and hire purchase contracts	1,472	2,072
	<u>28,380</u>	<u>28,053</u>

Notes (continued)

4 DIRECTORS' REMUNERATION

	1 January 2012 £'000	2 January 2011 £000
Directors' remuneration	1,168	826

The aggregate of emoluments of the highest paid director for the year were £552,313 (2 January 2011 £427,021). The highest paid director is a member of a defined benefit scheme, under which the accrued pension to which they would be entitled from normal retirement date if they were to retire at the year end was £84,291 (2 January 2011 £82,688) and any lump sum paid would result in a lower pension being payable.

	Number of directors	
	1 January 2012	2 January 2011
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	3	3

5 EMPLOYEE INFORMATION

The average number of persons, including executive directors, employed by the company during the year is analysed below.

	1 January 2012 Number	2 January 2011 Number
Administration and supervision	1,229	1,178
Operational	3,056	3,019
	4,285	4,197

Employment costs, including payments to executive directors employed by the company during the year, are analysed below.

	1 January 2012 £000	2 January 2011 £000
Aggregate gross wages and salaries	106,618	99,326
Employers national insurance contributions	9,109	8,198
Employers pension scheme contributions under group schemes	3,665	3,211
	119,392	110,735

Notes (continued)

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1 January 2012 £000	2 January 2011 £000
Bank interest	16	27

7 INTEREST PAYABLE AND SIMILAR CHARGES

Interest on finance leases	626	716
Net interest cost on pension liabilities	252	1,286
Other interest	78	293
	<u>956</u>	<u>2,295</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year

	1 January 2012 £000	2 January 2011 £000
Current tax		
UK corporation tax on profits of the year	9,887	7,818
Adjustment in respect of previous year	84	504
Total current tax (see (b) below)	<u>9,971</u>	<u>8,322</u>
Deferred tax		
Origination / (reversal) of timing differences – current year	(793)	(1,190)
Origination / (reversal) of timing differences – prior year	754	476
Deferred tax on pension liabilities	(123)	(498)
Tax on profit on ordinary activities	<u>9,809</u>	<u>7,110</u>

(b) Factors affecting tax charge for year

Profit on ordinary activities before tax	52,570	35,040
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	13,931	9,811
Capital allowances for year less than depreciation	793	1,190
Expenses not deductible for tax purposes		
- Loss on disposal of fixed assets	36	3
- Other	(23)	(373)
Dividend income not chargeable for tax purposes	(4,770)	(2,800)
Pension payment tax relief	(720)	(414)
Other short term timing differences	123	498
Movement in provisions	517	(97)
Adjustments to tax charge in respect of previous years	84	504
Current tax charge for year (see (a) above)	<u>9,971</u>	<u>8,322</u>

Notes (continued)

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £1,404,140 (2010 £1,666,214). At present, it is not envisaged that any tax will become payable in the foreseeable future.

9 DIVIDENDS

	1 January 2012 £000	2 January 2011 £000
Equity – Ordinary		
Dividends paid of 75p (2010 96p) per £1 Ordinary share	30,000	38,000

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Short Leasehold land and buildings £000	Software, plant and equipment £000	Assets in Course of construction £000	Total £000
COST OR VALUATION					
At 3 January 2011	84,154	11,006	77,269	3,172	175,601
Additions	325	55	3,394	3,655	7,429
Disposals	(43)	(834)	(4,675)	-	(5,552)
Reclassification	3,784	979	1,188	(5,951)	-
Revaluation	(10,449)	-	-	-	(10,449)
At 1 January 2012	77,771	11,206	77,176	876	167,029
DEPRECIATION					
At 3 January 2011	8,458	5,480	52,091	-	66,029
Charge for the year	2,866	962	7,011	-	10,839
Disposals	(43)	(761)	(3,811)	-	(4,615)
Revaluation	(9,889)	-	-	-	(9,889)
At 1 January 2012	1,392	5,681	55,291	-	62,364
NET BOOK VALUE					
At 1 January 2012	76,379	5,525	21,885	876	104,665
At 2 January 2011	75,696	5,526	25,178	3,172	109,572

Notes (continued)

10 TANGIBLE FIXED ASSETS (continued)

Freehold land and buildings includes land not depreciated at a valuation of £22,967,700 (2 January 2011 £26,952,450)

Land and buildings were revalued by an independent Chartered Surveyor on 31 December 2011 on both an existing use and an open market basis. The open market value of these properties was £31,950,000 lower than the existing use valuation. The difference between the existing use valuation and the open market valuation was due to the property's specific nature and design of the buildings, their configuration, size and location. The existing use basis represents the least cost of purchasing the remaining service potential of the asset at the date of valuation. Therefore the existing use basis for these properties has been used in the accounts.

The comparable amounts of land and buildings included above at valuation determined according to the historical cost convention are as follows:

	Freehold land and buildings £000		
Cost	89,334		
Accumulated depreciation	(15,974)		
Net book value at 1 January 2012	73,360		
Net book value at 2 January 2011	69,753		
		1 January 2012 £000	2 January 2011 £000
Assets held under finance leases and capitalised in plant and machinery			
Cost		14,810	16,655
Accumulated depreciation		(8,371)	(8,013)
Net book value		6,439	8,642

Notes (continued)

11 INVESTMENTS IN GROUP UNDERTAKINGS

	1 January 2012 £000	2 January 2011 £000
Investments in subsidiary undertakings	60,786	60,786

Investments comprise shares in subsidiary undertakings at cost less amounts written-off
Particulars of subsidiary undertakings are as follows

Name of undertaking	Country of incorporation	Code	Description of shares held	Proportion of nominal value of shares held
<i>Subsidiaries of GeoPost UK Limited</i>				
Interlink Express plc	UK	(2)	Ordinary	100%
Castlegate 555 Limited	UK	(4)	Ordinary	100%
Mail Plus Limited	UK	(3)	Ordinary	100%
GeoPost Ireland Limited	Ireland	(3)	Ordinary	100%
UK Letter Limited	UK	(3)	Ordinary	100%
Dynamic Parcel Distribution Limited	UK	(3)	Ordinary	100%
DPD (UK) Ltd	UK	(3)	Ordinary	100%
Homecall Limited	UK	(3)	Ordinary	100%
<i>Subsidiaries of Interlink Express plc</i>				
Interlink Express Parcels Limited	UK	(1)	Ordinary	100%
<i>Subsidiaries of GeoPost Ireland Limited</i>				
DPD Ireland Limited	Ireland	(1)	Ordinary Redeemable Preference	100%

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet

The numbers in brackets relate to the following business types

- (1) Transport related services including parcel distribution and logistics management
- (2) Sub-holding companies
- (3) Dormant
- (4) Waste Pumping Station

Notes (continued)

12 STOCKS

	1 January 2012 £000	2 January 2011 £000
Raw materials and consumables	1,803	1,635

13 DEBTORS

	1 January 2012 £000	2 January 2011 £000
Amounts falling due within one year		
Trade debtors	36,624	35,577
Amounts from group undertakings	5,885	-
Prepayments and accrued income	6,493	8,224
Other debtors	138	586
	<u>49,140</u>	<u>44,387</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 January 2012 £000	2 January 2011 £000
Trade creditors	34,613	34,961
Amounts due to group undertakings	17,928	19,449
Other creditors including taxation and social security (see below)	21,282	18,444
Accruals and deferred income	12,617	9,709
Obligations under finance leases and hire purchase agreements	2,137	1,882
	<u>88,577</u>	<u>84,445</u>
Other creditors including taxation and social security comprise		
Other taxes and social security	8,255	5,618
Corporation tax payable	6,057	4,458
Other	6,970	8,368
	<u>21,282</u>	<u>18,444</u>

Notes (continued)

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE

	1 January 2012 £000	2 January 2011 £'00
Obligations under finance leases and hire purchase agreements	6,564	8,998
Amounts due to group undertakings	55,582	55,582
	<u>62,146</u>	<u>64,580</u>

Analysis of debt maturity:

	1 January 2012 £000	2 January 2011 £000
One year or less or on demand	2,137	1,882
Between two and five years	6,564	7,008
Over five years	-	1,990
	<u>8,701</u>	<u>10,880</u>

16 PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

The movement in the deferred taxation liability is as follows

	1 January 2012 £000	2 January 2011 £000
At 2 January 2011	1,128	1,842
Credit for the year in the profit and loss account	(39)	(714)
At 1 January 2012	<u>1,089</u>	<u>1,128</u>

The potential liability for deferred taxation of the company and the provisions made are set out below
There are no further unprovided liabilities for deferred taxation

	1 January 2012 £000	2 January 2011 £000
Fixed asset timing differences	1,557	1,667
Short term timing differences	(468)	(539)
	<u>1,089</u>	<u>1,128</u>

No provision for deferred tax has been made on revaluations of fixed assets as it is not the intention of the company to dispose of any such assets in the foreseeable future

Notes (continued)

17 SHARE CAPITAL

	1 January 2012 £000	2 January 2011 £000
Ordinary shares of £1 each 100,000,000 – Authorised	100,000	100,000
39,744,536 - Issued and fully paid	39,745	39,745

18 RESERVES

	Profit and loss account £000	Share Premium £000	Revaluation Reserve £000
At 2 January 2011	17,936	119	5,951
Retained profit for the year	42,761	-	-
Dividends – equity	(30,000)	-	-
Actuarial gains/(losses) recognised in defined benefit pension schemes	(20,949)	-	-
Revaluation	-	-	(100)
At 1 January 2012	9,748	119	5,851

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1 January 2012 £'000	2 January 2011 £'000
Profit for the financial year	42,761	27,930
Dividends paid	(30,000)	(38,000)
Actuarial gains/(losses) recognised in defined benefit pension schemes	(20,949)	1,578
Revaluation	(100)	-
Opening shareholders' funds	63,751	72,243
Closing shareholders' funds	55,463	63,751

Notes (continued)

20 PENSIONS COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

In the UK, the company operates a defined benefit scheme, which was closed to new members in April 1999 and a defined contribution scheme which commenced in April 1999. In addition the company operates a defined contribution scheme in Ireland.

The defined benefit scheme is funded by contributions from the employers and the employees. The schemes' assets are held in funds administered by, Legal & General, Investec Asset management, Oldfield partners, Newton and Ruffer and consist mainly of investments in listed companies.

FRS 17 disclosure

The company operates a defined benefit scheme (The GeoPost UK Limited Pension Scheme) and a defined contribution scheme (The GeoPost UK Limited Pension Plan (1999)) in the UK for all members of the group. For pension disclosure purposes, the company is deemed to be the principal employer.

The contributions are determined by Hymans Robertson LLP, a professionally qualified actuary on the basis of triennial valuations using the projected unit method.

Assumptions used to determine benefit obligations at

	1 January 2012 £000	2 January 2011 £000	3 January 2010 £000
Discount rate	4.20%	5.30%	5.70%
Rate of compensation increase for staff members	3.90%	4.30%	4.60%
Rate of increase of pensions in payment (pre 01/04/06)	2.75%	3.15%	3.45%
Rate of increase of pensions in payment (post 31/03/06)	2.40%	2.40%	2.50%
Inflation assumption	2.90%	3.30%	3.60%

Assumptions used to determine net pension cost for the year ended

	1 January 2012 £000	2 January 2011 £000
Discount rate	4.20%	5.30%
Expected long term return on scheme assets	4.71%	6.10%
Rate of compensation increase	3.90%	4.30%
Rate of increase of pensions in payment	2.40%	2.40%
Inflation	2.90%	3.30%

Notes (continued)

20 PENSIONS COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Mortality assumptions

The assumptions relating to mortality rates underlying the pension scheme liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumed life expectations on retirement at age 65 are as follows

	1 January 2012 £000		2 January 2011 £000	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	20.4	23.3	21.1	24.3
Member age 45 (life expectancy at age 65)	23.1	26.0	23.0	26.3

Amounts recognised in the balance sheet and the expected rate of return were

	Long term rates of return expected		Value			
	1 January 2012	2 January 2011	1 January 2012 £000	2 January 2011 £000		
	%	%	£'000	%	£'000	
Equities	6.1%	7.2%	28%	29,154	46%	45,534
Bonds	4.2%	5.3%	19%	20,058	20%	20,082
Gilts	3.1%	4.2%	24%	24,647	19%	19,134
Diversified growth	5.1%	6.2%	28%	30,623	11%	11,506
Investec currency	N/A	7.2%	0%	-	4%	3,153
Cash	0.5%	0.5%	1%	596	0%	436
Total market value of assets			100%	105,078	100%	99,845
Present value of scheme liabilities				(145,478)		(121,091)
Deficit in the scheme				(40,400)		(21,246)
Related deferred tax asset				9,696		5,949
Net pension liability recognised in the balance sheet				(30,704)		(15,297)

To develop the expected long term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of a 6.10% assumption for 2011. This assumption is net of expenses as required under FRS 17.

Notes (continued)

20 PENSIONS COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

	1 January 2012 £'000	2 January 2011 £'000
Actual return on plan assets	5,268	8,662
Reconciliation of present value of scheme liabilities		
	£'000	£'000
Opening balance of scheme liabilities	121,091	115,297
Current service costs	1,561	1,685
Interest cost	6,328	6,540
Contributions by scheme participants	570	597
Past service costs	-	122
Actuarial losses/(gains)	21,065	(49)
Benefits Paid	(5,137)	(3,101)
Closing balance of scheme liabilities	145,478	121,091
Reconciliation of fair value of scheme assets		
	1 January 2012 £'000	2 January 2011 £'000
Opening balance of scheme assets	99,845	89,115
Expected return on scheme assets	6,076	5,254
Actuarial (loss)/gain	(808)	3,408
Employer contributions	4,532	4,572
Members contributions	570	597
Benefits paid	(5,137)	(3,101)
Closing balance of scheme assets	105,078	99,845
Funded status and net amount recognised	(40,400)	(21,246)

None of the scheme assets are invested in any securities issued by GeoPost UK Limited or any property or other assets currently used by GeoPost UK Limited

Notes (continued)

**20 PENSIONS COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(CONTINUED)**

Analysis of total expense recognised in profit and loss account

	1 January 2012 £000	2 January 2011 £000
Current service cost	1,561	1,685
Interest cost	6,328	6,540
Expected return on scheme assets	(6,076)	(5,254)
Past service cost	-	122
	<u>1,813</u>	<u>3,093</u>

The total expense has been recognised in the following line items in the profit and loss account

	1 January 2012 £000	2 January 2011 £000
Operating costs	1,561	1,807
Interest payable and similar charges	252	1,286
	<u>1,813</u>	<u>3,093</u>

Amounts recognised in the Statement of Total Recognised Gains and Losses

	1 January 2012 £000	2 January 2011 £000
Difference between actuarial and expected return on scheme assets	(808)	3,408
Adjustment to actuarial gains and losses in respect of prior years	(2,700)	-
Effects of changes in assumptions underlying the present value of scheme liabilities	(21,065)	49
	<u>(24,573)</u>	<u>3,457</u>
Total actuarial gains and losses recognised in the Statement of total recognised gains and losses	<u>(24,573)</u>	<u>3,457</u>

Notes (continued)

20 PENSIONS COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses to date are £45 725m (2010 £23 852m)

Five year history	Financial year ending in				
	2011	2010	2009	2008	2007
Benefit obligation at end of year	(145,478)	(121,091)	(115,297)	(88,986)	(101,682)
Fair value of plan assets at end of year	105,078	99,845	89,115	73,130	83,329
Deficit (£000)	(40,400)	(21,246)	(26,182)	(15,856)	(18,353)
Difference between actual and expected return on scheme assets					
- Amount (£000)	(808)	3,408	9,451	(17,082)	(453)
- Percentage of scheme assets	(1%)	3%	11%	(23%)	(1%)
Experience gains/(losses) on scheme liabilities					
- Amount (£000)	(5,644)	0	755	3,696	(3,002)
- Percentage of scheme liabilities	(4%)	0%	1%	4%	(3%)
Total amount recognised in statement of total recognised gains and losses					
- Amount (£000)	(21,873)	3,457	(13,319)	677	8,337
- Percentage of scheme liabilities	(15%)	3%	(12%)	1%	8%

Contributions

GeoPost UK Limited contributed to the Scheme at the rate of 16.0% of members' Pensionable Earnings up to 29 June 2009 and 15.4% thereafter. In addition, annual special contributions are being paid as set out in the Schedule of Contributions dated 03/04/2006 and 29/06/2009. Special contributions of £3,233,186 were paid in 2011.

Grade 1 members contribute at a rate of 7.0% of Pensionable Earnings, Grade 2 members contribute at a rate of 5.0% of Pensionable Earnings and Executive members contribute at a rate of 7.5% of Pensionable Earnings.

The Company expects to contribute £4,675,000 to its defined benefit pension scheme in the next financial year.

Notes (continued)

21 OPERATING LEASE COMMITMENTS

The company had the following annual commitments under operating leases

	1 January 2012		2 January 2011	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Leases which expire				
Within one year	454	1,339	241	1,440
Within two to five years	4,534	10,840	2,068	8,073
After five years	2,561	2,376	3,542	789
	<u>7,549</u>	<u>14,555</u>	<u>5,851</u>	<u>10,302</u>

22 CAPITAL COMMITMENTS

There were capital commitments of nil contracted expenditure as at 1 January 2012 (2 January 2011 nil)

23 ULTIMATE PARENT UNDERTAKING AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The company is wholly owned by GeoPost Intermediate Holdings, a company incorporated in Great Britain

The smallest group in which the results of the company are consolidated is that headed by GeoPost SA, a company incorporated in France

The largest group in which the results of the company are consolidated is that headed by La Poste, a company incorporated in France. The consolidated financial statements of these groups are available to the public and may be obtained from the registered offices as follows

La Poste,
4 quai du pont du Jour,
92777,
Boulogne-Billancourt,
CEDEX,
France

24 RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary undertaking, advantage has been taken of the exemption contained in Financial Reporting Standard Number 8, and transactions or balances with entities forming part of the group have not been disclosed