

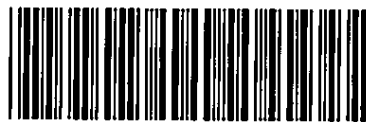
GEOPOST UK LIMITED

Directors' report and financial statements

Registered number 732993

For the year ended 28 December 2008

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Directors' report

The directors present herewith their report and the audited financial statements for the year ended 28 December 2008.

PRINCIPAL ACTIVITIES

The company is engaged in the provision of transport related services, which include the collection and delivery of parcels, distribution and logistics management.

BUSINESS REVIEW

The results for the year are set out on page 7.

Strategy

The Company has continued to develop its businesses during the year under review 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 8.6% to £266million. 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 recognise 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 52.8p (2007 50.3p) per ordinary share amounting to £21,000,000 (2007 £20,000,000) was paid on the 21st March 2008. 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, unless otherwise stated, since 31 December 2007 to the date of this report are as follows:

D McDonald
D L Adams (appointed 31st March 2008)
C Ogg
P M Chavanne
K A Phillips (resigned 30th March 2008)
J E Bench (resigned 30th March 2008)

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

DIRECTORS' INTERESTS

According to the register required to be kept under Section 325 of the Companies Act 1985, none of the directors at 28 December 2008 held any interest in the shares of the group companies at any time during the financial year ended 28 December 2008. As permitted by statutory instrument, the register does not include shareholdings of directors in any body corporate outside Great Britain.

No director had any interest in any material contract or proposed contract with the company or with any of its subsidiary undertakings.

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 £100,901 (2007 £72,550).

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 28 December 2008 were 51 days (2007 54 days) based on average amounts invoiced by suppliers during the year.


DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The company has passed an elective resolution under section 386(1) of the Companies Act whereby it does not need to re-appoint auditors annually.

BY ORDER OF THE BOARD



D L Adams
Director

26th October 2009

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GEOPOST UK LIMITED

We have audited the financial statements of GeoPost UK Limited for the year ended 28 December 2008 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. These financial statements have been modified by the revaluation of certain fixed assets and prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement.

Basis of audit opinion

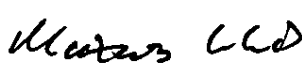
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2008 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Board Report is consistent with the financial statements.


MAZARS LLP
CHARTERED ACCOUNTANTS
and Registered Auditors
Merchant Exchange
Whitworth Street West
Manchester
M1 5WG
October 2009

Profit and loss account
for the year ended 28 December 2008

	<i>Notes</i>	28 December 2008 £000	30 December 2007 £000
Turnover	2	265,766	244,606
Operating profit	3	23,117	29,016
Income from shares in group undertakings		7,000	7,000
Profit/(loss) on disposal of fixed assets		1,139	(26)
Profit on ordinary activities before interest		31,256	35,990
Interest receivable and similar income	6	496	276
Interest payable and similar charges	7	(1,700)	(1,506)
Profit on ordinary activities before taxation		30,052	34,760
Tax on profit on ordinary activities	8	(6,610)	(3,714)
Profit on ordinary activities after tax	19	23,442	31,046

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 28 December 2008

	28 December 2008 £000	30 December 2007 £000
Profit for the financial year	23,442	31,046
Actuarial gains recognised in defined benefit pension scheme	677	8,337
Deferred tax thereon	(557)	(2,501)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	23,562	36,882
	<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 28 December 2008

	28 December 2008 £000	30 December 2007 £000
Reported profit on ordinary activities before taxation	30,052	34,760
Difference between historic cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(7)	2
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	30,045	34,762
	<hr/>	<hr/>
Historical cost profit for the financial year retained after taxation	23,435	31,048
	<hr/>	<hr/>

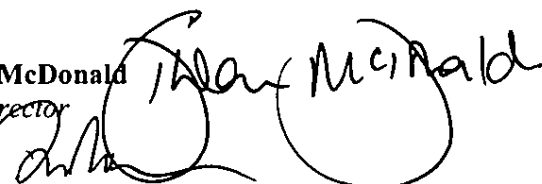
The accompanying notes are an integral part of this statement.

Balance sheet
as at 28 December 2008

	Notes	28 December 2008		30 December 2007	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		119,924		114,388
Investment in group undertakings	11		60,786		60,786
			<u>180,710</u>		<u>175,174</u>
Current assets					
Stocks	12	1,270		1,171	
Debtors	13	40,072		36,922	
Cash at bank		13,261		20,118	
		<u>54,603</u>		<u>58,211</u>	
Creditors: amounts falling due within one year	14	(60,316)		(64,540)	
Net current liabilities			(5,713)		(6,329)
			<u>174,997</u>		<u>168,845</u>
Creditors: amounts falling due after more than one year	15		68,136		65,144
Provision for liabilities and charges	16		1,170		1,727
Pension liability	20		11,416		12,847
			<u>80,722</u>		<u>79,718</u>
Capital and reserves					
Called up share capital	17	39,745		39,745	
Share premium account	18	119		119	
Revaluation reserve	18	5,951		3,365	
Profit and loss account	18	48,460		45,898	
Equity shareholders' funds	19		<u>94,275</u>		<u>89,127</u>
			<u>174,997</u>		<u>168,845</u>

The financial statements were approved by the board of directors on the 26th October 2009 and signed on its behalf by:

D McDonald
Director



DL Adams
Director

The accompanying notes are an integral part of this statement.

Notes

(forming part of the financial statements)

1 ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain properties and in accordance with applicable accounting standards on a basis consistent with the prior year.

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 228 of the Companies Act 1985 due to its results being included in a larger EU 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

Depreciation is calculated to write-off the cost 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)

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.

Goodwill

Items of purchased goodwill represent the difference between the cost of investments in certain businesses and subsidiaries and the fair value of the net assets acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life. Where, in the opinion of the directors, there is a permanent diminution in value, this is written off immediately through the profit and loss account.

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:

	28 December 2008		30 December 2007	
	£000	£000	£000	£000
Turnover		265,766		244,606
External operating charges	85,272		74,694	
Operating asset costs	44,860		36,154	
Employment costs (note 5)	113,308		106,006	
Depreciation and other amounts written off tangible assets	10,163		9,731	
Recharges to subsidiary undertakings	(10,954)		(10,995)	
		(242,649)		(215,590)
Operating profit		23,117		29,016

Profit on ordinary activities before taxation

The profit on ordinary activities is stated after charging:

Auditors' remuneration - audit	65	67
- other services	87	55
Hire of plant and equipment - rentals payable under operating leases	13,073	10,781
Hire of other assets – rentals payable under operating leases	1,108	1,117
Foreign exchange loss	1,377	71
Depreciation and other amounts written off tangible fixed assets	8,760	8,656
Depreciation and other amounts written off assets held under finance leases and hire purchase contracts	1,403	1,075

Notes (continued)

4 DIRECTORS' REMUNERATION

	28 December 2008 £000	30 December 2007 £000
Directors' emoluments	920	1,310

The aggregate of emoluments of the highest paid director for the year were £278,743 (30 December 2007 £464,730). 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 £44,086 (30 December 2007 £129,002) and any lump sum paid would result in a lower pension being payable.

	28 December 2008	30 December 2007
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	3	4

5 EMPLOYEE INFORMATION

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

	28 December 2008 Number	30 December 2007 Number
Administration and supervision	1,241	1,167
Operational	3,270	3,302
	4,511	4,469

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

	28 December 2008 £000	30 December 2007 £000
Aggregate gross wages and salaries	101,809	94,633
Employers national insurance contributions	8,590	8,114
Employers pension scheme contributions under group schemes	2,909	3,259
	113,308	106,006

Notes (continued)

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	28 December 2008 £000	30 December 2007 £000
Bank interest	496	276

7 INTEREST PAYABLE AND SIMILAR CHARGES

Interest on finance leases	561	463
Bank loans and overdraft, all repayable within five years	-	343
Net interest cost on pension liabilities	1,139	700
	<u>1,700</u>	<u>1,506</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year

Current tax:

UK corporation tax on profits of the year	5,689	7,038
Adjustment in respect of previous year	1,104	(1,194)
Total current tax (see (b) below)	<u>6,793</u>	<u>5,844</u>

Deferred tax:

Origination and reversal of timing differences – current year	228	953
Origination and reversal of timing differences – prior year	(785)	(3,598)
Deferred tax on pension liabilities	374	515
Tax on profit on ordinary activities	<u>6,610</u>	<u>3,714</u>

(b) Factors affecting tax charge for year

Profit on ordinary activities before tax	<u>30,052</u>	<u>34,760</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	8,415	10,428

Effects of:

Expenses not deductible for tax purposes		
– (Gain)/Loss on disposal of fixed assets	(319)	8
– Other	155	170
Dividend income not chargeable for tax purposes	(1,960)	(2,100)
Capital allowances for year in excess of depreciation	(228)	(953)
Other short term timing differences	(374)	(515)
Adjustments to tax charge in respect of previous years	1,104	(1,194)
Current tax charge for year (see (a) above)	<u>6,793</u>	<u>5,844</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 £1,666,214. At present, it is not envisaged that any tax will become payable in the foreseeable future.

9 DIVIDENDS

	28 December 2008 £000	30 December 2007 £000
Equity – Ordinary		
Dividends paid of 52.84p (30 December 2007 50.3p) per £1 Ordinary share	21,000	20,000

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 31 December 2007	45,329	7,606	75,011	39,351	167,297
Additions	495	204	8,602	6,064	15,365
Reclassifications	36,638	1,131	1,909	(39,678)	-
Disposals	(2,310)	(661)	(1,685)	-	(4,656)
At 28 December 2008	80,152	8,280	83,837	5,737	178,006
DEPRECIATION:					
At 31 December 2007	2,826	4,511	45,572	-	52,909
Charge for the year	2,034	833	7,296	-	10,163
Revaluation	(2,380)	-	-	-	(2,380)
Disposals	(376)	(629)	(1,605)	-	(2,610)
At 28 December 2008	2,104	4,715	51,263	-	58,082
NET BOOK VALUE:					
At 28 December 2008	78,048	3,565	32,574	5,737	119,924
At 30 December 2007	42,503	3,095	29,439	39,351	114,388

Notes (continued)

10 TANGIBLE FIXED ASSETS (continued)

Freehold land and buildings includes land not depreciated at a valuation of £26,952,450 (28 December 2007 £27,107,679).

Land and buildings were revalued by an independent Chartered Surveyor on 16 December 2008 on both an existing use and an open market basis. The open market value of these properties was £34,643,700 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 recently acquired properties has been used in the accounts.

Comparable amounts determined according to the historical cost convention are as follows:

	Freehold land and buildings £000		
Cost	81,265		
Accumulated depreciation	(8,826)		
Net book value at 28 December 2008	72,439		
Net book value at 31 December 2007	39,428		
		28 December 2008 £000	30 December 2007 £000
Assets held under finance leases and capitalised in plant and machinery			
Cost		16,733	13,045
Accumulated depreciation		(4,389)	(3,485)
Net book value		12,344	9,560

Notes (continued)

11 INVESTMENTS IN GROUP UNDERTAKINGS

	28 December 2008 £000	30 December 2007 £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	(3)	Ordinary	100%
UK Letter Limited	UK	(4)	Ordinary	100%
Dynamic Parcel Distribution (UK) Limited	UK	(4)	Ordinary	100%
GeoPost Ireland Limited	Ireland	(4)	Ordinary	100%
DPD UK Ltd	UK	(4)	Ordinary	100%
Mail Plus Limited	UK	(4)	Ordinary	100%
Homecall Limited	UK	(4)	Ordinary	100%
<i>Subsidiaries of Interlink Express plc</i>				
Interlink Express Parcels Limited	UK	(1)	Ordinary	100%
<i>Subsidiaries of GeoPost Ireland Limited</i>				
Interlink 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) Non trading company
- (3) Sub-holding companies
- (4) Dormant

Notes (continued)

12 STOCKS

	28 December 2008 £000	30 December 2007 £000
Raw materials and consumables	1,270	1,171
	<u> </u>	<u> </u>

13 DEBTORS

	28 December 2008 £000	30 December 2007 £000
Amounts falling due within one year:		
Trade debtors	31,115	28,813
Amounts due from group undertakings	-	6
Other debtors	107	64
Prepayments and accrued income	8,850	8,039
	<u> </u>	<u> </u>
	40,072	36,922
	<u> </u>	<u> </u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 December 2008 £000	30 December 2007 £000
Trade creditors	28,939	25,243
Amounts due to group undertakings	8,992	10,048
Other creditors including taxation and social security (see below)	10,327	16,194
Accruals and deferred income	10,870	12,241
Obligations under finance leases and hire purchase agreements	1,188	814
	<u> </u>	<u> </u>
	60,316	64,540
	<u> </u>	<u> </u>
Other creditors including taxation and social security comprise:		
Other taxes and social security	1,699	5,874
Corporation tax payable	2,566	4,990
Other	6,062	5,330
	<u> </u>	<u> </u>
	10,327	16,194
	<u> </u>	<u> </u>

Notes (continued)

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	28 December 2008 £000	30 December 2007 £000
Obligations under finance leases and hire purchase agreements	12,554	9,562
Amounts due to group undertakings	55,582	55,582
	<u>68,136</u>	<u>65,144</u>

Analysis of debt maturity:

	28 December 2008 £000	30 December 2007 £000
One year or less or on demand	1,188	814
Between two and five years	6,826	6,036
Over five years	5,728	3,526
	<u>13,742</u>	<u>10,376</u>

16 PROVISION FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

The movement in the deferred taxation liability is as follows:

	28 December 2008 £000	30 December 2007 £000
At 31 December 2007	1,727	4,372
Charge for the year in the profit and loss account	(557)	(2,645)
At 28 December 2008	<u>1,170</u>	<u>1,727</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.

	28 December 2008 £000	30 December 2007 £000
Fixed asset timing differences	2,106	2,399
Short term timing differences	(936)	(672)
	<u>1,170</u>	<u>1,727</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.

28 December	30 December
2008	2007
£000	£000

18 RESERVES

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Page 20

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 a fund administered by Legal & General 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 Mercer Limited, a professionally qualified actuary on the basis of triennial valuations using the projected unit method.

Assumptions used to determine benefit obligations at:

	28 December 2008	30 December 2007	31 December 2006
Discount rate	6.30%	5.90%	5.10%
Rate of compensation increase for staff members	3.75%	4.90%	4.60%
Rate of increase in deferred pensions	2.70%	3.40%	3.10%
Rate of increase of pensions in payment (post 31/03/06)	2.30%	2.50%	2.50%
Rate of increase of pensions in payment (pre 01/04/06)	2.70%	3.40%	3.10%
Inflation assumption	2.70%	3.40%	3.10%

Assumptions used to determine net pension cost for the year ended:

	28 December 2008	30 December 2007
Discount rate	5.90%	5.10%
Expected long term return on scheme assets	5.55%	5.82%
Rate of compensation increase	4.90%	4.60%
Rate of increase of pensions in payment	2.50%	2.50%
Inflation	3.40%	3.10%

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:

	28 December 2008		30 December 2007	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	20.7	23.8	18.6	21.4
Member age 45 (life expectancy at age 65)	22.5	25.7	20.4	23.1

Notes (continued)

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

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

	Long term rates of return expected			Value		
	28 December 2008 %	30 December 2007 %		28 December 2008 £'000	30 December 2007 %	£'000
Equities	6.9%	7.0%	40%	29,198	44%	36,237
Gilts	3.9%	4.0%	44%	32,236	41%	34,406
Hedge	5.9%	6.0%	9%	6,545	10%	8,009
Other	2.5%	5.0%	7%	5,151	5%	4,677
Total market value of assets			100%	73,130	100%	83,329
Present value of scheme liabilities				(88,986)		(101,682)
Deficit in the scheme				(15,856)		(18,353)
Related deferred tax asset				4,440		5,506
Net pension liability recognised in the balance sheet				(11,416)		(12,847)

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 6.17% assumption for 2009. This assumption is net of expenses as required under FRS 17.

	28 December 2008 £'000	30 December 2007 £'000
Actual return on plan assets	(12,319)	4,151
Reconciliation of present value of scheme liabilities		
	28 December 2008 £'000	30 December 2007 £'000
Opening balance of scheme liabilities	101,682	105,508
Current service costs	1,560	1,956
Interest cost	5,902	5,304
Contributions by scheme participants	682	710
Past service costs	203	-
Actuarial gain/(loss)	(17,759)	(8,790)
Benefits paid	(3,284)	(3,006)
Closing balance of scheme liabilities	88,986	101,682

Notes (continued)

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

Reconciliation of fair value of scheme assets

	28 December 2008 £'000	30 December 2007 £'000
Opening balance of scheme assets	83,329	77,101
Expected return on scheme assets	4,763	4,604
Actuarial gain/(loss)	(17,082)	(453)
Employer contributions	4,722	4,373
Members contributions	682	710
Benefits paid	(3,284)	(3,006)
	<hr/>	<hr/>
Closing balance of scheme assets	73,130	83,329
	<hr/>	<hr/>
Funded status and net amount recognised	(15,856)	(18,353)
	<hr/>	<hr/>

Analysis of total expense recognised in profit

	28 December 2008 £'000	30 December 2007 £'000
Current service cost	1,560	1,956
Interest cost	5,902	5,304
Expected return on scheme assets	(4,763)	(4,604)
Past service cost	203	-
	<hr/>	<hr/>
	2,902	2,656
	<hr/>	<hr/>

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

	28 December 2008 £'000	30 December 2007 £'000
Operating costs	1,763	1,956
Interest payable and similar charges	1,139	700
	<hr/>	<hr/>
	2,902	2,656
	<hr/>	<hr/>

Amounts recognised in the Statement of Total Recognised Gains and Losses

	28 December 2008 £'000	30 December 2007 £'000
Difference between actuarial and expected return on scheme assets	(17,082)	(453)
Experience gains arising on scheme liabilities	3,696	(3,002)
Effects of changes in assumptions underlying the present value of scheme liabilities	14,063	11,792
	<hr/>	<hr/>
Total actuarial gains and losses recognised in the Statement of total recognised gains and losses	677	8,337
	<hr/>	<hr/>

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 £13.990m.

Five year history	Financial year ending in				
	2008	2007	2006	2005	2004
Benefit obligation at end of year	88,986	101,682	105,508	107,302	78,896
Fair value of plan assets at end of year	73,130	83,329	77,101	68,535	57,869
Deficit	(15,856)	(18,353)	(28,407)	(38,767)	(21,027)
Difference between actual and expected return on scheme assets:					
- Amount (£000)	(17,082)	(453)	3,397	6,289	2,689
- Percentage of scheme assets	(23%)	(1%)	4%	9%	5%
Experience gains/(losses) on scheme liabilities:					
- Amount (£000)	3,696	(3,002)	2,784	(5,028)	536
- Percentage of scheme liabilities	4%	(3%)	3%	(5%)	1%
Total amount recognised in statement of total recognised gains and losses:					
- Amount (£000)	677	8,337	10,158	(17,841)	2,434
- Percentage of scheme liabilities	1%	8%	10%	(17%)	3%

Contributions

GeoPost UK Limited contributed to the Scheme at the rate of 16% of members' Pensionable Earnings. In addition, annual special contributions are being paid as set out in the Schedule of Contributions dated 03/04/2006, although the Company paid the 2008 special contributions earlier than required by the Schedule of Contributions. The whole special contribution of £2.906m, was paid in January 2008.

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.

Notes (continued)

21 OPERATING LEASE COMMITMENTS

The company had the following annual commitments under operating leases:

	28 December 2008		30 December 2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Leases which expire:				
Within one year	270	1,963	742	1,273
Within two to five years	1,963	6,228	2,192	5,946
After five years	4,124	2,969	2,910	2,891
	<u>6,357</u>	<u>11,160</u>	<u>5,844</u>	<u>10,110</u>

The company had no other operating lease commitments at the year-end.

22 CAPITAL COMMITMENTS

There were capital commitments of nil contracted expenditure as at 28 December 2008 (30 December 2007 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.