

**RED STAR PARCELS LIMITED**  
**(REGISTERED NUMBER 03095533)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

**TUESDAY**



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**RED STAR PARCELS LIMITED**

**Report and financial statements 2008**

**Contents**

Officers and Professional advisers	1
Directors' Report	2
Statement of Directors Responsibilities	4
Independent Auditors' Report	5
Profit and Loss account	6
Statement of Total Recognised gains and losses	7
Balance Sheet	8
Notes to the financial statements	9

**RED STAR PARCELS LIMITED**

**Officers and Professional advisers**

**Directors**

J Barber  
W Flick  
HM Mensing  
C Cubias

**Company Secretary**

C Cubias

**Registered office**

Saint Davids Way  
Bermuda Park  
Nuneaton  
Warwickshire  
CV10 7SD

**Solicitors**

Barlow Lyde & Gilbert LLP  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7NJ

**Bankers**

Barclays Bank  
London Corporate Centre  
PO Box 46116  
London  
EC4N 8WB

**Auditors**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
4 Brindley Place  
Birmingham  
UK  
B1 2HZ

## **RED STAR PARCELS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31st December 2008.

This Directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985.

### **PRINCIPAL ACTIVITIES**

Red Star Parcels Limited is a non-trading company, and exists solely for the administration of the pension scheme.

### **BUSINESS REVIEW**

Red Star Parcels Limited is a 100% wholly owned subsidiary of UPS Limited which is owned by UPS UK (Holdings) Limited.

Red Star Parcels Limited is managed within the UPS Limited business.

The Net Liabilities position was £17,947,000 (2007: £17,912,000). Liabilities are attributable to inter company trading during previous years.

There was no distribution or deliveries of premium parcels during the year due to novation of the business stream to another trading sector within the UPS structure in January 2008. Trading for 2007 remained within the parent company accounts. Turnover was £Nil (2007: £nil).

### **RESULTS AND DIVIDENDS**

The results for the period are set out on page 6 of the financial statements and show an operating loss of £16k (2007 - loss of £17k) on turnover of £Nil (2007 - £Nil). The directors have not proposed a dividend (2007 - £Nil).

### **DIRECTORS**

Directors who have served throughout the year and to the date of this report unless otherwise indicated are as follows:

W Flick	
H M Mensing	
J Barber	
E Plamp	(resigned 31 January 2008)
C Cubias	(appointed 21 January 2008)

None of the directors in office at the date of this report had a beneficial interest in any contract or arrangement of significance to which the company was a party during the period.

### **Basis other than going concern**

As a result of the ceasing of trade of the company in the prior year, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate:

- writing down the Company's assets to net realisable value;
- reclassifying long term assets and liabilities to short term where required; and
- making provision for any onerous contractual commitments at the balance sheet date.

The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date.

**RED STAR PARCELS LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008  
(CONTINUED)**

**FINANCIAL RISK MANAGEMENT**

Foreign Exchange risk

The directors are of the view that the company is not exposed to any significant foreign exchange risk.

Liquidity Risk

The company is dependent on its related company for continued financial support and the directors are satisfied that the financial support will be available when required.

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

No charitable or Political donations were made during the year.

**AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



C Cubias  
Company Secretary  
17th September 2009

Saint Davids Way, Bermuda Park, Nuneaton, Warwickshire, CV10 7SD

## **RED STAR PARCELS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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;
- 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 proper accounting records that 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 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.

## **RED STAR PARCELS LIMITED**

### **Independent auditors' report to the members of Red Star Parcels Limited**

We have audited the financial statements of Red Star Parcels Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. These financial statements have been 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 directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

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

#### **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 company's circumstances, 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.

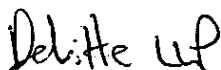
#### **Opinion**

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 of the company as at 31 December 2008 and of its loss 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 Directors' Report is consistent with the financial statements.

#### **Emphasis of matter - financial statements prepared on a basis other than that of a going concern**

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements which states that the financial statements have been prepared on a basis other than that of a going concern as the company has ceased trading in the prior year.



**Deloitte LLP**

Chartered Accountants and Registered Auditors  
Birmingham, UK

18th September 2009

**RED STAR PARCELS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	<u>Notes</u>	2008 £'000	2007 £'000
<b>TURNOVER</b>		-	-
Operating charges	2	<u>(16)</u>	<u>(17)</u>
<b>OPERATING LOSS</b>		<b>(16)</b>	<b>(17)</b>
Interest receivable	3	<u>10</u>	<u>10</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(6)</b>	<b>(7)</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>(74)</u>
<b>LOSS FOR THE PERIOD</b>		<b>(6)</b>	<b>(81)</b>

The notes on pages 9 to 16 form part of these financial statements.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical equivalents.

All results derive from discontinued activities.



**RED STAR PARCELS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £'000	2007 £'000
Loss for the period transferred to reserves	(6)	(81)
Net actuarial loss relating to the Pension Scheme	(40)	(50)
UK deferred tax charge attributable to the loss	11	14
Total recognised loss relating to the period	<u>(35)</u>	<u>(117)</u>

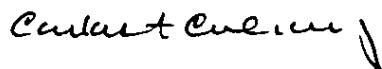
**RED STAR PARCELS LIMITED**

**BALANCE SHEET - 31 DECEMBER 2008**

	Notes	<u>31 December 2008</u>		<u>31 December 2007</u>	
		£000	£000	£000	£000
<b>CURRENT ASSETS</b>					
Debtors falling due within one year	7	281		989	
<b>CREDITORS (amounts falling due within one year)</b>	8	(18,268)		(18,970)	
<b>NET CURRENT LIABILITIES</b>			(17,987)		(17,981)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(17,987)		(17,981)
<b>NET LIABILITIES BEFORE PENSION SURPLUS</b>			(17,987)		(17,981)
Pension surplus	14		40		69
<b>NET LIABILITIES</b>			(17,947)		(17,912)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		3,550		3,550
Share premium account			1,364		1,364
Capital redemption reserve			4,081		4,081
Profit and loss account	11		(26,942)		(26,907)
<b>SHAREHOLDERS' DEFICIT</b>	12		(17,947)		(17,912)

The notes on pages 9 to 16 form part of these financial statements.

The financial statements were approved by the Board on 17th September 2009 and signed on their behalf by:



C CUBIAS  
DIRECTOR

## RED STAR PARCELS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008

#### 1 ACCOUNTING POLICIES

##### (1) Significant matters relating to the basis of preparation of the financial statements

###### Basis other than going concern

As a result of the ceasing of trade of the company in the prior year, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate:

- writing down the Company's assets to net realisable value;
- reclassifying long term assets and liabilities to short term where required; and
- making provision for any onerous contractual commitments at the balance sheet date.

The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such costs were committed at the balance sheet date.

##### (2) Pensions

For the 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. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. 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 triannually 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.

##### (3) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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.

A net 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 taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### (4) Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No.8 (Related Party Transactions) which allows the company not to disclose transactions with group entities or investee of the group qualifying as related parties.

**RED STAR PARCELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008  
(CONTINUED)**

**2 OPERATING CHARGES**

	<u>31 December 2008</u> £'000	<u>31 December 2007</u> £'000
Staff costs		
Other pension costs	10	10
Auditors' remuneration		
- Fees payable to the Companies auditors for audit of the companies accounts	5	5
Other	1 6	2 7
Total operating charges	<u>16</u>	<u>17</u>
No non audit fees were incurred in either period.		

**3 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2008 £'000	2007 £'000
Net income from Pension Scheme	<u>10</u>	<u>10</u>

**4 DIRECTORS EMOLUMENTS**

The directors who served during this and the preceding period were paid by another group company. The directors received no remuneration for their service to this company in the year and the preceding year.

**5 EMPLOYEES**

No employees served in the company in the year or the preceding year.

**RED STAR PARCELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008  
(CONTINUED)**

**6 TAX ON LOSS ON ORDINARY ACTIVITIES**

	2008 £'000	2007 £'000
<b>Current tax:</b>		
UK corporation tax on loss of the year	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences (ACA and other)	-	74
Total deferred tax	-	74
Tax on loss for the year	-	74

Adjustments in respect of previous years arise from the agreement of prior year tax computations.

**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28%/30%. The differences are explained below:

	2008 £'000	2007 £'000
Loss on ordinary activities before taxation	(6)	(7)
	(6)	(7)
Loss on ordinary activities at the standard UK rate of tax (28%/30%)	(2)	(2)
Items not deductible for tax purposes	-	-
Shortfall / (excess) of capital allowances over depreciation	-	(10)
Unrecognised tax losses	2	12
Current charge for the year	-	-

Deferred tax assets/liabilities have not been discounted.

As a result of the budget announced by the Chancellor of the Exchequer on 21 March 2007 and substantively enacted on 26th June 2007, the rate of corporation tax for companies in the United Kingdom has reduced from 30% to 28% from 1st April 2008.

**RED STAR PARCELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008  
(CONTINUED)**

**7 DEBTORS**

	31 December 2008 £'000	31 December 2007 £'000
Amounts falling due within one year:		
Amounts owed by other group companies	281	989
	<u>281</u>	<u>989</u>

**8 CREDITORS (amounts falling due within one year)**

	31 December 2008 £'000	31 December 2007 £'000
Accruals and deferred income	5	-
Amounts owed to other group companies	18,263	18,970
	<u>18,268</u>	<u>18,970</u>

**9 DEFERRED TAXATION**

	<u>Recognised</u> 31 December 2008 £'000	<u>Not Recognised</u> £'000	<u>Recognised</u> 31 December 2007 £'000	<u>Not Recognised</u> £'000
Deferred taxation asset:				
Tax losses	-	-	-	(2,100)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,100)</u>

**RED STAR PARCELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008  
(CONTINUED)**

**10 CALLED UP SHARE CAPITAL**

	31 December 2008 £'000	31 December 2007 £'000
Allotted, called up and fully paid:		
3,550,001 Ordinary shares of £1 each	3,550	3,550
Authorised:		
5,000,000 Ordinary shares of £1 each	5,000	5,000

**11 OTHER RESERVES**

	Profit and loss account £'000
At 1 January 2008	(26,907)
Loss for the financial year	(6)
Actuarial Loss in the pension scheme	(40)
UK deferred tax attributable to the actuarial loss	11
At 31 December 2008	(26,942)

**12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2008 £'000	2007 £'000
Loss for the financial period	(6)	(81)
Actuarial Loss relating to the Pension Scheme	(40)	(50)
UK deferred tax attributable to the actuarial loss	11	14
Net reduction to shareholders' deficit	(35)	(117)
Opening shareholders' deficit as previously stated	(17,912)	(17,795)
Closing shareholders' deficit	(17,947)	(17,912)

**13 CAPITAL COMMITMENTS**

At 31 December 2008 there was £nil (2007 - £nil) capital expenditure authorised by the Board and contracted for but not provided in these financial statements.

## RED STAR PARCELS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

#### 14 PENSION COSTS

Red Star Parcels Limited is a participating employer in the BR Shared-cost section of the Railways Pension Scheme (RPS). The RPS was established on 31 May 1994 by the Railways Pension Scheme Order 1994 (SI 1995/1433). The RS provides benefits based on final average pensionable pay. The assets of the RPS are held separately from those of the company. Following the closure of the Red Star rail operation on 25 May 2001 the number of active employees within this scheme is

The total cost charged to operating loss of £10,000 (2007: £10,000) represents the employer's share of the service cost. As at 31 December 2008, no contributions were outstanding (2007: £Nil).

The discounted mean term of the sections liabilities is 16 years.

#### FRS 17

A full actuarial valuation was carried out at 31 December 2007 and updated to 31 December 2008 by a qualified independent actuary.

##### Key Assumptions used

	<u>2008</u>	<u>2007</u>
Discount rate	6.10%	5.90%
Expected return on scheme assets	6.84%	6.43%
Expected rate of salary increases	2.70%	3.20%
Future pension increases	2.70%	3.20%
Inflation	2.70%	3.20%

##### Mortality Assumptions

The assumed average expectation of life in years at age 65 is as follows:

	<u>2008</u>	<u>2007</u>
Retiring today:	years	years
Males: Pension under £8,500 pa, or pensionable pay under £30,000 pa	19.8	17.8
Others	21.5	17.8
Females: Pension under £3,000 pa, or pensionable pay under £30,000 pa	21.7	20.1
Others	22.7	20.1
Retiring in 20 years:		
<u>Males:</u> Pension under £8,500 pa, or pensionable pay under £30,000 pa	22.2	17.8
Others	23.7	17.8
<u>Females:</u> Pension under £3,000 pa, or pensionable pay under £30,000 pa	23.2	20.1
Others	24.2	20.1



**RED STAR PARCELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008  
(CONTINUED)**

**14 PENSION COSTS (Continued)**

**FRS 17 (continued)**

Amounts recognised in the profit and loss account in respect of the scheme is as follows:

	<u>2008</u> £'000	<u>2007</u> £'000
Current service cost	10	10
Net income from pension scheme	<u>10</u>	<u>10</u>

Of the charge for the year, £10,000 (2007: £10,000) has been included in operating charges. Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The actual return on scheme assets was a loss of £1.05 million (2007 : profit of £1.24 million)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £181,000 (2007: £162,000)

The amount included in the balance sheet arising from the Companies obligations in respect of its defined benefit retirement benefit scheme is as follows:

	<u>2008</u> £'000	<u>2007</u> £'000
Present value of defined benefit obligations	(13,830)	(15,450)
Fair value of scheme assets	<u>23,450</u>	<u>25,780</u>
Surplus in scheme	9,620	10,330
Adjustment for the member's share of surplus	(3,840)	(4,110)
Irrecoverable surplus	(5,720)	(6,120)
Deferred Tax	(20)	(31)
Surplus recognised in the balance sheet	<u>40</u>	<u>69</u>

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

	<u>2008</u> £'000	<u>2007</u> £'000
At 1 January	15,450	16,330
Service cost	10	20
Interest cost	890	830
Actuarial gains	(1,930)	(1,160)
Benefits paid	(590)	(570)
At 31 December	<u>13,830</u>	<u>15,450</u>

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

	<u>2008</u> £'000	<u>2007</u> £'000
At 1 January	25,780	24,290
Expected return on scheme assets	1,640	1,400
Actuarial (gains) and losses	(3,380)	660
Benefits paid	(590)	(570)
	<u>23,450</u>	<u>25,780</u>

# RED STAR PARCELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (CONTINUED)

### 14 PENSION COSTS (Continued)

#### FRS 17 (continued)

The analysis of the scheme assets and expected rate of return at the balance sheet date was as follows:

	<u>Expected return</u>		<u>Fair value of assets</u>			
	2008	2007	2008		2007	
	% pa	% pa	£'000	%	£'000	%
Equity Instruments	7.25	8.05	5,140	21.92	6,090	23.62
Debt instruments	6.7	5.88	17,560	74.88	18,740	72.69
Property	7.25	6.8	740	3.16	940	3.65
Other assets	2	5.5	10	0.04	10	0.04
	<u>6.84</u>	<u>6.43</u>	<u>23,450</u>		<u>25,780</u>	

The five year history of experience adjustments is as follows:

	<u>Dec 2008</u>	<u>Dec 2007</u>	<u>Dec 2006</u>	<u>Sept 2005</u>	<u>Sept 2004</u>
Fair value of scheme liabilities	13.83	15.45	16.33	15.27	13.79
Fair value of scheme assets	23.45	25.78	24.29	21.00	17.70
Experience adjustments on scheme liabilities	(0.63)	(0.18)	(0.40)	(0.73)	0.06
Percentage of scheme liabilities (%)	4.56%	1.17%	2.45%	4.78%	(0.44%)
Experience adjustments on scheme assets	2.03	(0.40)	(1.23)	(1.41)	(0.48)
Percentage of scheme assets (%)	8.66%	(1.55%)	(5.06%)	(6.71%)	(2.71%)

### 15 ULTIMATE PARENT UNDERTAKING

The company is a direct subsidiary of UPS (UK Holdings) Limited which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company and controlling party is United Parcel Service, Inc., incorporated in the United States of America. This company also comprises the smallest and largest groups for which consolidated accounts are prepared including the results of this company.

### 16 CONTINGENT LIABILITIES

The company is currently awaiting a response from the RPS trustees in relation to the possibility of a buy out of the liabilities of the pension plan. It is not known at this point in time whether this will be the course of action to be taken or whether the level of debt enforced by the trustees would be material.

UPS (UK Holdings) Limited will act as a guarantor for any potential liability that may arise in connection to the RPS pension scheme.