

RED STAR PARCELS LIMITED
(REGISTERED NUMBER 03095533)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

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RED STAR PARCELS LIMITED

Report and financial statements 2010

Contents

Officers and Professional advisers	1
Directors' Report	2
Directors' Responsibilities Statement	4
Independent Auditor's Report	5
Profit and Loss account	6
Balance Sheet	7
Notes to the financial statements	8

RED STAR PARCELS LIMITED

Officers and Professional advisers

Directors

C Miller
W Flick
HM Mensing
R Suleiman

Company Secretary

R Suleiman

Registered office

St Davids Way
Bermuda Park
Nuneaton
Warwickshire
CV10 7SD

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
Abbots House
Abbey Street
Reading, UK
RG1 3BD

RED STAR PARCELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 31 December 2010.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The results for the period are set out on page 6 of the financial statements and show an operating result of £Nil (2009 £5,596) on turnover of £Nil (2009 - £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 (resigned 20th September 2010)

C Cubias (resigned 26th April 2010)

R Suleiman (appointed 26th April 2010)

C Millier (appointed 20th September 2010)

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.

RED STAR PARCELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010 (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

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable or Political donations were made during the year

AUDITOR

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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



R Suleiman
Company Secretary
26 July 2011

RED STAR PARCELS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material discrepancies 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.

RED STAR PARCELS LIMITED

Independent auditor's 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 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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


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 to trade.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Anna Marks (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, UK
26 July 2011

RED STAR PARCELS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>Notes</u>	2010 £'000	2009 £'000
TURNOVER		-	-
Operating charges	2	-	(16)
OPERATING LOSS		-	(16)
Interest receivable		-	10
Exceptional Item		-	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(6)
Tax on profit / (loss) on ordinary activities	6	-	-
PROFIT / (LOSS) FOR THE YEAR		-	(6)

The notes on pages 8 to 15 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

There are no recognised gains or losses in either year other than the profit (or loss) for that year

All results are derived from discontinued activities.

RED STAR PARCELS LIMITED

BALANCE SHEET - 31 DECEMBER 2010

	Notes	31 December 2010		31 December 2009	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Debtors falling due within one year	7	-		281	
CREDITORS (amounts falling due within one year)	8	-		(18,274)	
NET CURRENT ASSETS / (LIABILITIES)			-		(17,993)
TOTAL ASSETS LESS CURRENT LIABILITIES			-		(17,993)
NET LIABILITIES BEFORE PENSION SURPLUS			-		(17,993)
Pension surplus	14		-		40
NET ASSETS / (LIABILITIES)			-		(17,953)
CAPITAL AND RESERVES					
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		(8,995)		(26,948)
SHAREHOLDERS' FUNDS / (DEFICIT)	12		-		(17,953)

The notes on pages 8 to 15 form part of these financial statements.

The financial statements of Red Star Parcels Limited (registered number 03095533) were approved by the board of directors and authorised for issue on 26 July 2011. They were signed on its behalf by



R SULEIMAN
DIRECTOR

RED STAR PARCELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010

1 ACCOUNTING POLICIES

(1) Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and preceding year.

(2) 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. 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.

(3) 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.

(4) 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.

(5) Related party disclosures

The company has taken advantage of the exemption contained within Financial Reporting Standard No.8 (Related Party Disclosures) 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 2010
(CONTINUED)****2 OPERATING CHARGES**

	<u>2010</u> £'000	<u>2009</u> £'000
Staff costs		
Other pension costs	-	10
Other	-	6
Total operating charges	<u>-</u>	<u>16</u>

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>2010</u> £'000	<u>2009</u> £'000
Net income from Pension Scheme	-	10

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 2010 (CONTINUED)

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	2010 £'000	2009 £'000
Current tax:		
UK corporation tax on loss of the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences (ACA and other)	-	-
Total deferred tax	-	-
Tax on loss for the year	-	-

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 (28%, 2009 28%)
The differences are explained below

	2010 £'000	2009 £'000
Profit /(Loss) on ordinary activities before taxation	(1)	(6)
	(1)	(6)
Profit /(Loss) on ordinary activities at the standard UK rate of tax (28%)	(0)	(2)
Items not deductible for tax purposes	-	-
Excess of capital allowances over depreciation	-	-
Unrecognised tax losses	0	2
Current charge for the year	-	-
Deferred tax assets/liabilities have not been discounted		

RED STAR PARCELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010
(CONTINUED)**

7 DEBTORS

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due within one year:		
Amounts owed by other group companies	-	281
	-	281

8 CREDITORS (amounts falling due within one year)

	31 December 2010 £'000	31 December 2009 £'000
Accruals and deferred income	-	6
Amounts owed to other group companies	-	18,268
	-	18,274

9 DEFERRED TAXATION

	<u>Recognised</u> 31 December 2010 £'000	<u>Not Recognised</u> 31 December 2010 £'000	<u>Recognised</u> 31 December 2009 £'000	<u>Not Recognised</u> 31 December 2009 £'000
Deferred taxation asset				
Tax losses	-	-	-	-
	-	-	-	-

RED STAR PARCELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

10 CALLED UP SHARE CAPITAL

	31 December 2010 £'000	31 December 2009 £'000
Authorised		
5,000,000 Ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
3,550,001 Ordinary shares of £1 each	3,550	3,550

11 OTHER RESERVES

	Share Premium Account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000
At 1 January 2010	1,364	4,081	(26,948)
Profit for the financial year	-	-	-
Inter Company Debt Waived	-	-	17,953
At 31 December 2010	1,364	4,081	(8,995)

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2010 £'000	2009 £'000
Profit / (Loss) for the financial period	-	(6)
Intercompany Debt waived	17,953	
Net addition/(reduction) to shareholders' funds/(deficit)	17,953	(6)
Opening shareholders' deficit as previously stated	(17,953)	(17,947)
Closing shareholders' funds/(deficit)	-	(17,953)

13 CAPITAL COMMITMENTS

At 31 December 2010 there was £nil (2009 - £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 2010 (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 minimal.

The assets and liabilities of the plan were transferred to UPS Limited during the year.

The total cost charged to operating loss of £Nil (2009 £10,000) represents the employer's share of the service cost. As at 31 December 2010, no contributions were outstanding (2009 £Nil).

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

FRS 17

A actuarial valuation was carried out at 31 December 2010 by a qualified independent actuary.

Key Assumptions used

	<u>2010</u>	<u>2009</u>
Discount rate	5.50%	5.75%
Expected return on scheme assets	5.56%	5.29%
Expected rate of salary increases	3.44%	3.75%
Future pension increases	2.44%	3.45%
Inflation	3.19%	3.45%

Mortality Assumptions

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

	<u>2010</u>	<u>2009</u>
	years	years
Retiring today		
Males Pension under £8,500 pa, or pensionable pay under £30,000 pa	20	20
Others	22	22
Females Pension under £3,000 pa, or pensionable pay under £30,000 pa	22	22
Others	23	23
Retiring in 20 years		
Males Pension under £8,500 pa, or pensionable pay under £30,000 pa	22	22
Others	24	24
Females Pension under £3,000 pa, or pensionable pay under £30,000 pa	23	23
Others	24	24

RED STAR PARCELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (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>2010</u> £'000	<u>2009</u> £'000
Current service cost	-	10
Net income from pension scheme	-	10

Of the charge for the year, £Nil (2009 £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 profit of £Nil (2009 profit of £1.49 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 £Nil (2009: £181,000).

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>2010</u> £'000	<u>2009</u> £'000
Present value of defined benefit obligations	-	(16,710)
Fair value of scheme assets	-	25,380
Surplus in scheme	-	8,670
Adjustment for the member's share of surplus	-	(3,470)
Irrecoverable surplus	-	(5,140)
Deferred Tax	-	(20)
Surplus recognised in the balance sheet	-	40

Movements in the present value of defined benefit obligations were as

	<u>2010</u> £'000	<u>2009</u> £'000
At 1 January	-	13,830
Service cost	-	10
Interest cost	-	830
Actuarial gains	-	2,600
Benefits paid	-	(560)
At 31 December	-	16,710

Movements in the fair value of scheme assets were as follows

	<u>2010</u> £'000	<u>2009</u> £'000
At 1 January	-	23,450
Expected return on scheme assets	-	1,580
Actuarial (gains) and losses	-	910
Benefits paid	-	(560)
	-	25,380

RED STAR PARCELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (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>		
	2010 % pa	2009 % pa	2010 £'000	2009 £'000	%
Equity	7.25%	7.45%	-	6,170	24.31
Government	4.00%	N/A	-	-	
Debt	5.40%	4.45%	-	18,430	72.62
Property	7.50%	8.20%	-	770	3.03
Other assets	3.90%	4.40%	-	10	0.04

The five year history of experience adjustments is as follows:

	<u>Dec 2010</u>	<u>Dec 2009</u>	<u>Dec 2008</u>	<u>Dec 2007</u>	<u>Dec 2006</u>
Fair value of scheme liabilities	0.00	16.71	13.83	15.45	16.33
Fair value of scheme assets	0.00	25.38	23.45	25.78	24.29
Experience adjustments on scheme liabilities	-	(0.01)	(0.63)	(0.18)	-0.40
Percentage of scheme liabilities	0.00%	0.06%	4.56%	1.17%	2.45%
Experience adjustments on scheme assets	-	(0.54)	2.03	(0.40)	(1.23)
Percentage of scheme assets (%)	0.00%	(2.13%)	(8.66%)	(1.55%)	(5.06%)

15 ULTIMATE PARENT UNDERTAKING

The company is a direct subsidiary of UPS (UK Holding) 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. United Parcel Service, Inc. comprises the smallest and largest group for which consolidated accounts are prepared including the results of this company.

UPS (UK Holding) Limited has taken advantage of the exemption granted under section 400 of the Companies Act 2006 not to produce group accounts.

Copies of the financial statements for UPS (UK Holding) Limited, Registered office UPS House, Forest Road, Feltham, Middlesex, TW13 7DY, are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Copies of the financial statements for United Parcel Service, Inc. are available from UPS House, Forest Road, Feltham, Middlesex TW13 7DY.