

Registered Number 03248664

**Royal Mail Pensions Trustees Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2018**

TUESDAY



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# Royal Mail Pensions Trustees Limited

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# Royal Mail Pensions Trustees Limited

## Directors' report

The Directors present the Annual Report and Financial Statements of Royal Mail Pensions Trustees Limited (the Company). These financial statements relate to the year ending 31 March 2018 (2016-17: year ended 31 March 2017).

### Directors and their interests

The following have served as Directors of the Company during the year ended 31 March 2018 and up to the date of approval of these financial statements:

Paul Brown  
Philip Browne  
Graeme Cunningham  
Paul Kennedy  
Geoffrey Lindey (Resigned – 31 March 2018)  
Joanna Matthews  
Lionel Sampson  
Richard Travers  
The Law Debenture Pension Trust Corporation plc (represented by Mark Ashworth)

No Director has a beneficial interest in the share capital of the Company.

### Principal activities

The Company was established to act as Trustee of the Royal Mail Pension Plan. The Directors do not foresee any change in the nature of this activity.

### Results and dividends

The result after tax for the year was £nil (2016-17: £nil). The Directors do not recommend a dividend (2016-17: £nil).

### Review of the business and future developments

The Company continues to carry out its duties as Trustee of the Royal Mail Pension Plan (the Plan). Costs for the year increased from £11 million to £13 million. No significant change is expected in the year ahead in either the main business of the Company or in its financial activity.

### Key Performance Indicators (KPIs)

As the principal role of the Company is to act as the Trustee of the Royal Mail Pension Plan with all costs incurred charged back to the plan the Directors do not consider it necessary to disclose KPIs.

### Principal risks and uncertainties

As Trustee of the Royal Mail Pension Plan, all the Company's expenditure is recovered out of the assets of the Pension Plan. The principal risk faced by the company is thus non-recovery of this expenditure. The Company draws down sufficient funds in advance from the Royal Mail Pension Plan to enable it to pay its creditors and mitigate this risk.

### Corporate Responsibility

The Company is committed to carrying out its activities in a socially responsible manner in respect of the environment, employees, customers and local communities. The Board of the ultimate parent company, Royal Mail plc, publishes details of its activities in its Annual Report and Financial Statements.

### Research and development

Research and development expenditure during the year amounted to £nil (2016-17: £nil).

### Political donations

There were no political donations during the year (2016-17: £nil).

### Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

# Royal Mail Pensions Trustees Limited

## **Directors' report (continued)**

### **Indemnity of Directors**

To the extent permitted by the Companies Act 2006, the Company may indemnify any Director or former Director of the Company or any associated company against any liability. The ultimate parent undertaking, Royal Mail plc, holds a Directors' and Officers' liability insurance policy covering the Directors and Officers or former Directors of its subsidiary undertakings against any liability.

### **Cautionary statement regarding forward-looking information**

Where this review contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

### **Going concern**

After analysis of all the factors stated above, the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

### **Auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Employees**

Under an agreement between the Company and its immediate parent company Royal Mail Group Limited, people working in the Company are provided by Royal Mail Group Limited. Our goal is to ensure that all employees are engaged and involved in the business and are aligned and equipped to meet business objectives.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

### **Strategic report**

The Directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic report.

# Royal Mail Pensions Trustees Limited

## Directors' report (continued)

### Statement of Directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

### By Order of the Board



### Richard Law-Deeks

Secretary

Royal Mail Pensions Trustees Limited

Registered Number: 03248664

Registered Office: 11 Ironmonger Lane, London, EC2V 8EY

11 July 2018

# Royal Mail Pensions Trustees Limited

## Independent Auditor's Report to the members of Royal Mail Pensions Trustees Limited

### Opinion

We have audited the financial statements of Royal Mail Pensions Trustees Limited ("the company") for the year ended 31 March 2018 which comprise the Income Statement, Statement of comprehensive income, Statement of changes in equity, Balance sheet and related notes, including the accounting policies in note.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Royal Mail Pensions Trustees Limited

## **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Fang Fang Zhou (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
11 July 2018

# Royal Mail Pensions Trustees Limited

## Income statement

for the years ended 31 March 2018 and 31 March 2017

|                              | Notes | 2018<br>£           | 2017<br>£    |
|------------------------------|-------|---------------------|--------------|
| <b>Continuing operations</b> |       |                     |              |
| <b>Revenue*</b>              | 2     | <b>13,006,235</b>   | 11,259,291   |
| Costs:                       |       | <b>(13,006,235)</b> | (11,259,291) |
| Administration expenses      | 3     | <b>(7,322,024)</b>  | (8,126,780)  |
| Investment expenses          | 3     | <b>(5,684,211)</b>  | (3,132,511)  |
| <b>Profit before tax</b>     |       | -                   | -            |
| Tax charge                   | 5     | -                   | -            |
| <b>Profit for the year</b>   |       | -                   | -            |

\* Revenue represents recovery of all costs incurred by the Company from the Royal Mail Pension Plan.

## Statement of comprehensive income

for the years ended 31 March 2018 and 31 March 2017

There are no recognised gains and losses attributable to the Company in the year ended 31 March 2018 or in the year ended 31 March 2017.

## Statement of changes in equity

for the years ended 31 March 2018 and 31 March 2017

|                                 | Notes | Share Capital<br>£ | Retained<br>earnings<br>£ | Total equity<br>£ |
|---------------------------------|-------|--------------------|---------------------------|-------------------|
| Balance at 1 April 2016         |       | 100                | -                         | 100               |
| Result for the year             |       | -                  | -                         | -                 |
| <b>Balance at 31 March 2017</b> |       | <b>100</b>         | -                         | <b>100</b>        |
| Result for the year             |       | -                  | -                         | -                 |
| <b>Balance at 31 March 2018</b> |       | <b>100</b>         | -                         | <b>100</b>        |

# Royal Mail Pensions Trustees Limited

## Balance sheet

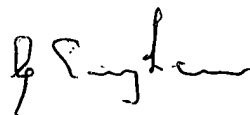
at 31 March 2018 and 31 March 2017

|                             | Notes | 2018<br>£        | 2017<br>£        |
|-----------------------------|-------|------------------|------------------|
| <b>Current assets</b>       |       |                  |                  |
| Cash and cash equivalents   |       | 111,851          | 134,051          |
| Trade and other receivables | 6     | 2,000,729        | 1,951,570        |
| <b>Total assets</b>         |       | <b>2,112,580</b> | <b>2,085,621</b> |
| Trade and other payables    | 7     | (2,112,480)      | (2,085,521)      |
| <b>Net current assets</b>   |       | <b>100</b>       | <b>100</b>       |
| <b>Net assets</b>           |       | <b>100</b>       | <b>100</b>       |
| <b>Equity</b>               |       |                  |                  |
| Share capital               | 9     | 100              | 100              |
| Retained earnings           |       | -                | -                |
| <b>Total equity</b>         |       | <b>100</b>       | <b>100</b>       |

The financial statements on pages 7 to 12 were approved by the Board of Directors on 11 July 2018 and signed on its behalf by:



**Joanna Matthews**  
Director  
Royal Mail Pensions Trustees Limited  
Registered Number: 03248664  
Registered Office: 11 Ironmonger Lane, London,  
EC2V 8EY  
11 July 2018



**Graeme Cunningham**  
Director  
Royal Mail Pensions Trustees Limited  
Registered Number: 03248664  
Registered Office: 11 Ironmonger Lane, London,  
EC2V 8EY  
11 July 2018

# Royal Mail Pensions Trustees Limited

## Notes to the financial statements

### 1. Accounting policies

The following accounting policies apply throughout the Company:

#### Accounting reference date

The financial reporting year ends on the 31 March and, accordingly, these financial statements are prepared for the year ended 31 March 2018 (2016-17: year ended 31 March 2017).

#### Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the year ended 31 March 2018 were authorised for issue by the board of Directors on 11 July 2018. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

#### Basis of preparation

The Company has applied FRS 101 for all periods presented. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;<sup>1</sup>
- (b) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (d) the requirements of IAS 7 *Statement of Cash Flows*;
- (e) the requirements of paragraph 17 and 18(a) of IAS 24 *Related Party Disclosures* (key management compensation and related party transaction amounts); and
- (f) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

<sup>1</sup> Exemption taken as equivalent disclosures are included in the consolidated financial statements of Royal Mail plc.

#### Accounting standards issued but not yet applied

No new UK Accounting Standards, which affect the presentation of these financial statements, have been issued.

#### Changes in accounting policy

The accounting policies are consistent with those of the previous financial year.

#### Key sources of estimation uncertainty and critical accounting judgements

Due to the relatively straightforward nature of the Company and its operations there are not believed to be any significant estimates or accounting judgements applied in the preparation of these financial statements.

#### Intercompany trading

The Company makes use of the services of other companies within the Group in order to take advantage of Group synergies, having regard to the mutual dependencies that exist. The inter-company charges recognise these dependencies and are reached through negotiation between the respective businesses.

#### Pensions and other post-retirement benefits

People working for the Company are employed by Royal Mail Group Limited and seconded to the Company. Membership of the occupational pension schemes is open to most permanent UK employees of the Group. The principal schemes are defined benefit schemes, and all members of these schemes are contracted out of the earnings-related part of the State pension scheme.

The defined benefit schemes are financed on the basis that the combined current service contributions payable by the employees and employer are sufficient to cover the cost of the benefits which are expected to accrue in the future to members.

Full details of the schemes can be found in the Royal Mail Group Limited Annual Report and Financial Statements.

# Royal Mail Pensions Trustees Limited

## 1. Accounting policies (continued)

### Operating Leases

Leases where substantially all the risks and rewards of ownership of the asset are retained by the lessor are classified as operating leases and rentals are charged to the income and expenditure account over the lease term. The aggregate benefit of incentives are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

### 2. Revenue

All revenue comprises reimbursement of administration and investment charges incurred by the Company acting in its principal activity as corporate trustee of the Royal Mail's principal pension plan.

### 3. Administration and investment expenses

Staff costs included in administration and investment expenses are shown below along with associated staff numbers. Note that average staff numbers are calculated on a full time equivalent basis and include part-time employees.

|                       | Investment 50%   | Administration 50% | 2018<br>Total    | 2017<br>Total    |
|-----------------------|------------------|--------------------|------------------|------------------|
|                       | £                | £                  | £                | £                |
| Wages and salaries    | 767,379          | 767,379            | 1,534,758        | 1,507,928        |
| Social security costs | 78,269           | 78,269             | 156,538          | 142,054          |
| Pension costs         | 77,264           | 77,264             | 154,528          | 142,942          |
| Temporary resource    | 227,489          | 227,489            | 454,978          | 138,456          |
| <b>Total</b>          | <b>1,150,401</b> | <b>1,150,401</b>   | <b>2,300,802</b> | <b>1,931,380</b> |

|                             | 2018 | 2017 |
|-----------------------------|------|------|
| Average number of employees | 16   | 16   |

All the administration and investment expenses are ultimately borne by Royal Mail Pension Plan (RMPP), in accordance with its Trust Deed.

Administration expenses principally comprise the fees paid by the Company to secure membership administration services.

Auditor's remuneration amounted to £nil (2016-17: £nil) for the audit of the statutory financial statements and was met by the immediate parent company, Royal Mail Group Limited. The auditor did not provide any non-audit services for the years ended 31 March 2018 and 31 March 2017.

Investment expenses comprise fees paid by the Company for investment management and related services.

## 4. Directors' remuneration

|              | 2018<br>£      | 2017<br>£      |
|--------------|----------------|----------------|
| <b>Total</b> | <b>351,450</b> | <b>342,928</b> |

The above remuneration relates to independent and member nominated Trustee Directors who receive no pension benefits from the Company.

The remuneration of the highest paid Director was £132,221 (2016-17: £129,654).

## 5. Taxation

There is no profit before tax and no tax charge for the year (2016-17: £nil).

## Royal Mail Pensions Trustees Limited

### 6. Trade and other receivables

|                                                    | At 31 March<br>2018 | At 31 March<br>2017 |
|----------------------------------------------------|---------------------|---------------------|
|                                                    | £                   | £                   |
| Amounts owed by the parent company                 | 100                 | 100                 |
| Prepayments                                        | 51,195              | 51,195              |
| Amounts due from Royal Mail Pension Plan (note 11) | 1,949,434           | 1,900,275           |
| <b>Total</b>                                       | <b>2,000,729</b>    | <b>1,951,570</b>    |

### 7. Trade and other payables

|                                    | At 31 March<br>2018 | At 31 March<br>2017 |
|------------------------------------|---------------------|---------------------|
|                                    | £                   | £                   |
| Trade creditors and accruals       | 1,705,139           | 1,768,858           |
| Social security                    | 26,422              | 27,265              |
| Amounts owed to the parent company | 380,919             | 289,398             |
| <b>Total</b>                       | <b>2,112,480</b>    | <b>2,085,521</b>    |

### 8. Pensions

The Company participates in the management of the occupational pension schemes operated by Royal Mail Group Limited, which are principally defined benefit schemes.

However, due to the arrangements agreed with Royal Mail Group Limited, the obligations of the Company are limited to future service benefit contributions and are accounted for on an accruals basis.

The total pension charge was £154,528 (2016-17: £142,942).

### 9. Issued share capital

|                                | At 31 March<br>2018 | At 31 March<br>2017 |
|--------------------------------|---------------------|---------------------|
|                                | £                   | £                   |
| <b>Authorised and issued</b>   |                     |                     |
| 100 ordinary shares of £1 each | 100                 | 100                 |
| <b>Total</b>                   | <b>100</b>          | <b>100</b>          |

The called up share capital of the Company is beneficially owned by Royal Mail Group Limited. (Note that although it forms part of trade receivables, share capital is not paid).

### 10. Commitments

The Company is committed to the following minimum lease payments under non-cancellable operating leases:

|                            | At 31 March<br>2018 | At 31 March<br>2017 |
|----------------------------|---------------------|---------------------|
|                            | £                   | £                   |
| Within one year            | 54,510              | 133,531             |
| Between one and five years | -                   | 54,510              |
| Beyond five years          | -                   | -                   |
| <b>Total</b>               | <b>54,510</b>       | <b>188,041</b>      |

## Royal Mail Pensions Trustees Limited

### 11. Related party disclosures

The Company has taken advantage of one of the exemptions conferred by FRS 101.8, whereby certain details regarding transactions with 100% owned subsidiaries within the same Group do not have to be disclosed where Group financial statements are publicly available and disclosures relating to key management personnel compensation are not required.

During the year there were transactions with the Royal Mail Pension Plan (RMPP). The Company recharges RMPP with the costs of administration and investment services.

The transactions entered into and the balances outstanding at the financial year end were as follows:

|                         | Sales/recharges to related party |            | Amounts owed from related party including outstanding loans |                          |
|-------------------------|----------------------------------|------------|-------------------------------------------------------------|--------------------------|
|                         | 2018<br>£                        | 2017<br>£  | At 31 March<br>2018<br>£                                    | At 31 March<br>2017<br>£ |
| Royal Mail Pension Plan | 13,006,235                       | 11,259,291 | 1,949,434                                                   | 1,900,275                |

The sales to and purchases from related parties are made at normal market prices. Balances outstanding at the year end are unsecured, interest free and settlement is made by cash.

### 12. Immediate and ultimate parent Company

At 31 March 2018, Royal Mail Group Limited is the immediate parent company and Royal Mail plc is the ultimate parent company. The results of the Company are included in the Royal Mail plc Annual Report and Financial Statements, which are available from the Company Secretary, 100 Victoria Embankment, London, EC4Y 0HQ or at [www.royalmailgroup.com](http://www.royalmailgroup.com).