

Company Registration No. 05857552

CitySprint Courier Services Limited
(Formerly CitySprint Healthcare Limited)

Annual Report and Financial Statements

For the 18 months ended 30 June 2019



CitySprint Courier Services Limited

Annual report and financial statements for the 18 months ended 30 June 2019

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CitySprint Courier Services Limited

Annual report and financial statements for the 18 months ended 30 June 2019

Officers and professional advisers

Directors

Jonathan Halford	(Chairman)	(appointed 6 August 2019)
Patrick Sellers		(appointed 6 August 2019)
Gary West	(Chief Executive)	(appointed 6 August 2019)
Gerard Keenan		(resigned 19 September 2019)
Patrick Gallagher	(Formerly Chief Executive)	(resigned 19 September 2019)

Registered Office

Ground Floor
RedCentral
60 High Street
Redhill
Surrey
RH1 1SH

Bankers

HSBC Bank plc
8 Canada Square
Canary Wharf
London
E14 5HQ

The Royal Bank of Scotland PLC
280 Bishopsgate
London
EC2M 4RB

Clydesdale Bank
15th Floor, The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

Auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
1 Forest Gate, Brighton Road, Crawley
RH11 9PT

CitySprint Courier Services Limited

Strategic report

Review of business

CitySprint Courier Services Limited ("the Company") is part of the CitySprint Group ("the Group") which is made up of CitySprint (UK) Holdings Limited and its subsidiaries: the UK's leading same day delivery service.

Previously called CitySprint Healthcare Limited, the Company changed its business model in the 18 months to 30 June 2019 from servicing the CitySprint Group's healthcare sector customers to being a service company for the CitySprint Group.

The Company now has contractual relationships with third party courier service providers and in turn provides these services to other members of the CitySprint Group.

Key performance indicators

Although the business model of the Company has changed in the period, the Board continues to identify revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) growth as its key performance indicators.

Revenue for the 18 month period was £130.7 million, significantly higher than the prior period (2017: £42.2 million) while operating profit for the 18 months period was significantly lower at £0.2 million (2017: £3.0 million). The significant decrease in operating profit was primarily due to a reduction in the management charge from CitySprint (UK) Limited.

Customers and markets

In the period the Company only provided services to CitySprint (UK) Limited, a member of the CitySprint Group.

Strategic objectives

The Company will continue to identify and contract with well trained and responsible delivery partners for provision to the CitySprint Group.

CitySprint Courier Services Limited

Strategic report (continued)

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are linked with entities contained within the consolidated financial statements of CitySprint (UK) Holdings Limited. These are competitive risk and financial instrument risk and these areas are both reviewed on a regular basis.

Competitive risks

The Group; the entities contained within the consolidated financial statements of CitySprint (UK) Holdings Limited operate in a very competitive market and some of the contracts it has are subject to periodic competitive tender. The Group is able to continue to offer competitive pricing due to its geographic coverage and service offering.

Exposure to credit and liquidity risk

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Company mitigates this risk through the Group policies aimed at minimising such losses and runs an effective credit control operation and limits individual trade debtors to appropriate credit levels based on their financial strength. All other assets and liabilities are denominated in sterling.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company mitigates the risk through the Group which manages cash generation through its operations, applying cash collection targets throughout the Group. The Group also manages liquidity risk via the receivables financing facility and fixed term loan arrangements in place.

Outlook

While COVID-19 has caused uncertainty in the trading environment, CitySprint has so far proved to be robust and adaptable and the continued high levels of dedication, hard work and enthusiasm of our employees means that the Group is in a strong position going forward.

The Board would therefore like to take this opportunity to thank all of our employees for their unrelenting commitment and support for the Group; it is very much appreciated.

Approved by the Board and signed on its behalf by:



Gary West
Group Chief Executive

5 August 2020

Registered office:

Ground Floor
RedCentral
60 High Street
Redhill
Surrey
RH1 1SH

CitySprint Courier Services Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the 18 months ended 30 June 2019. The comparative period is the 12 month period ended 31 December 2017.

Principal activities

The principal activities of the Company during the 18 months is the supply of courier's services.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic report on page 2 and in the subsequent event note 18.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

Financial risk management objectives, policies and key risks and uncertainties

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Please see Strategic report on page 2 for further details on the principal risks.

Dividends

The directors do not recommend the payment of a final dividend (2017: £nil).

Directors

The directors, who served throughout the period and to the date of approval of these financial statements, except as noted were as follows:

Jonathan Halford	(appointed 6 August 2019)
Patrick Sellers	(appointed 6 August 2019)
Gary West	(appointed 6 August 2019)
G A M Keenan	(resigned 19 September 2019)
P A Gallagher	(resigned 19 September 2019)

Directors' indemnities

Directors and officer's indemnity insurance was in place throughout the year and at the date of approval of these financial statements.

CitySprint Courier Services Limited

Directors' report (continued)

Political contributions

The Company did not make any political donations or incurred any political expenditure during the 18 months (2017: nil).

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Jonathan Halford', written over a faint rectangular box.

Jonathan Halford
Director

5 August 2020

Registered office:

Ground Floor
RedCentral
60 High Street
Redhill
Surrey
RH1 1SH

CitySprint Courier Services Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- 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.

Independent auditor's report to the members of CitySprint Courier Services Limited

Opinion

We have audited the financial statements of CitySprint Courier Services Limited ("the company") for the period ended 30 June 2019 which comprise the Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of CitySprint Courier Services Limited (continued)

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

Auditor's responsibilities

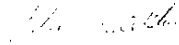
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 <http://www.frc.org.uk/auditorsresponsibilities>.

Independent auditor's report to the members of CitySprint Courier Services Limited (continued)

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.



Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate, Brighton Road, Crawley, RH11 9PT

7 August 2020

CitySprint Courier Services Limited

Profit and Loss and Other Comprehensive Income For the 18 months ended 30 June 2019

		18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
	Note		
Turnover	3	130,664,881	42,211,413
Cost of sales		(130,443,153)	(32,150,308)
Gross profit		221,728	10,061,105
Administrative expenses		(8,886)	(7,028,798)
Operating profit		212,842	3,032,307
Net finance income	7	994,856	253,867
Profit before taxation	4	1,207,698	3,286,174
Tax on profit	8	-	-
Profit after taxation		1,207,698	3,286,174
Profit for the year attributable to:			
Equity shareholder of the company		1,207,698	3,286,174
		1,207,698	3,286,174

All the results derive from the company's continuing operations.

There are no further recognised income and expenses in either financial period other than the profit for that period.

The accompanying notes form part of the financial statements.

CitySprint Courier Services Limited

Balance sheet

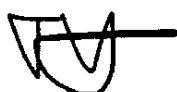
As at 30 June 2019

	Note	30 June 2019 £	31 Dec 2017 £
Current assets			
Debtors	9	13,416,662	14,153,607
Cash at bank and in hand		4,660	59
		<hr/>	<hr/>
		13,421,322	14,153,666
Creditors: Amounts falling due within one year	10	(2,894,210)	(4,834,252)
		<hr/>	<hr/>
Net current assets		10,527,112	9,319,414
		<hr/>	<hr/>
Total assets less current liabilities		10,527,112	9,319,414
		<hr/>	<hr/>
Net assets		10,527,112	9,319,414
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	13	100	100
Profit and loss account		10,527,012	9,319,314
		<hr/>	<hr/>
Shareholders' funds		10,527,112	9,319,414
		<hr/>	<hr/>

The accompanying notes form part of the financial statements.

The financial statements of CitySprint Courier Services Limited (registered number 05857552) were approved by the board of directors and authorised for issue on 5 August 2020.

They were signed on its behalf by:



Jonathan Halford
Director

CitySprint Courier Services Limited

Statement of changes in equity For the 18 months ended 30 June 2019

Equity attributable to the equity shareholder of the Company

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2017	100	6,033,140	6,033,240
Total comprehensive income for the period			
Profit for the financial year	-	3,286,174	3,286,174
At 31 December 2017	<u>100</u>	<u>9,319,314</u>	<u>9,319,414</u>
At 1 January 2018	100	9,319,314	9,319,414
Total comprehensive income for the period			
Profit for the financial period of 18 months	-	1,207,698	1,207,698
At 30 June 2019	<u>100</u>	<u>10,527,012</u>	<u>10,527,112</u>

The accompanying notes form part of the financial statements.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current 18 months period and the preceding year.

General information and basis of accounting

CitySprint Courier Services Limited (the "Company") is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 05857552 and the registered address is Ground Floor, RedCentral, 60 High Street, Redhill, Surrey, RH1 1SH. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of CitySprint Courier Services Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates.

The Company's ultimate parent undertaking, CitySprint (UK) Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of CitySprint (UK) Holdings Limited are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of CitySprint (UK) Holdings Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a going concern assessment for the Company for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of the COVID-19 pandemic, the company will have sufficient funds, through funding from its intermediate parent company, CitySprint (UK) Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on CitySprint (UK) Limited providing additional financial support during that period. CitySprint (UK) Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

1. Accounting policies (continued)

Going concern (continued)

The CitySprint Group, headed up by CitySprint (UK) Holdings Limited has completed and/or curtailed, where necessary, a number of its technology investment projects, resulting in lower future investments in intangible assets that have been made in recent years. Group revenue has been negatively impacted compared to budget by c.10% after the reporting period by the global COVID-19 pandemic. However, monthly EBITDA in 2020 is trading ahead of prior year results, even after the impact of COVID-19, and the Group has adapted to the changes in the trading environment, including agreeing new commercial terms with customers and suppliers and reshaping parts of the business.

The Group has continued to trade during the COVID-19 pandemic and has generated a cash surplus during this period which the Group directors anticipate will continue during the forecast period. Given the uncertain trading environment that results from the impact of COVID-19, management has prepared a severe but plausible downside scenario, with reduction in revenues of 15%, compared with the base case budget, for the period to 31 December 2021. This scenario also includes the impact of cost control measures which are wholly within the Group's control. This downside scenario shows forecast minimum headroom of £2.8m in June 2021. Banking covenants are forecast to be met under this downside scenario.

Consequently, the directors of CitySprint Courier Services Limited are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

I. Basic financial instruments

Financial instruments

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

1. Accounting policies (continued)

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Revenue and revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services provided to other Group entities. Revenue is shown net of value added tax, trade discounts, rebates and other sales-related taxes. Revenue is recognised at the point when courier service is completed.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in FRS 102 Section 23 Revenue. The directors are satisfied that recognition of revenue in the current 18 months is appropriate.

Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

All differences are taken to the profit and loss account.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management do not believe there are any carrying amounts of assets and liabilities that are not readily apparent all details are provided in the Company's accounting policies and notes to the financial statements.

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical judgements in applying the Company's accounting policies.

Estimated uncertainty in applying the Company's accounting policies

The directors do not consider there to be any estimated uncertainty in applying the Company's accounting policies.

3. Turnover

Turnover £130,664,881 (2017: £42,211,413) which is derived in the United Kingdom is stated net of value added tax, and represents amounts invoiced to CitySprint (UK) Ltd in respect of courier services provided. Prior year turnover represents amounts invoiced to third parties in respect of healthcare courier services.

All turnover is recognised at a point of job completion.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

4. Profit before taxation

The analysis of auditor's remuneration is as follows:

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,893	10,000
Total audit fees	15,893	10,000

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, CitySprint (UK) Holdings Limited.

5. Directors' remuneration

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Directors' remuneration:		
Emoluments	108,191	158,428
Company contributions to defined contribution pension schemes	1,455	661
	109,646	159,089

The directors believe that they, and they alone, are ultimately responsible for planning, directing and controlling the Company.

The directors' remuneration is paid by CitySprint (UK) Bidco Limited.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

6. Staff numbers and costs

	18 months ended 30 Jun 2019 Number	Year ended 31 Dec 2017 Number
The average monthly number of employees (including executive directors) employed during the 18 months		
London operations	-	20
Management and administration	-	6
	<u>-</u>	<u>26</u>

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Their aggregate remuneration comprised:		
Wages and salaries	-	759,190
Social security costs	-	74,377
Pension costs	-	4,380
	<u>-</u>	<u>837,947</u>

The company has no direct employees and the costs are borne by CitySprint (UK) Limited.

7. Net finance income

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Interest receivable/payable and similar income/(charges)		
Interest payable on bank loans	(18)	(101,300)
Interest receivable on intercompany loans from parent	994,874	355,167
	<u>994,856</u>	<u>253,867</u>

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

8. Tax on profit

The tax charge comprises:

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Current tax on profit		
UK Corporation tax on profit for the period	-	-
Total current tax	-	-
Total tax charge on profit	-	-

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	18 months ended 30 Jun 2019 £	Year ended 31 Dec 2017 £
Profit before tax	1,207,698	3,286,174
Tax on profit at standard UK corporation tax rate of 19.00% (2017: 19.25%)	229,463	632,588
Effects of:		
Group relief	(229,463)	(632,610)
Expenses not deductible for tax purposes	-	22
Total tax charge for the 18 months	-	-

Factors that may affect future tax charge

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2017: 19.25%).

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 30 June 2019 has been calculated based on this rate. In the 11 March 2020 budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the CitySprint Courier Services Limited future tax charge.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

9. Debtors

	30 Jun 2019 £	31 Dec 2017 £
Amounts falling due within one year:		
Trade debtors	-	6,882,634
Accrued income	-	5,947
	<u>-</u>	<u>6,888,581</u>
	30 Jun 2019 £	31 Dec 2017 £
Amounts falling due after more than one year:		
Amounts due from parent undertakings	13,416,662	7,265,026
	<u>13,416,662</u>	<u>7,265,026</u>
Total Debtors	<u>13,416,662</u>	<u>14,153,607</u>

Amounts due to parent and subsidiary undertakings are charged at an interest rate of 5.32%. The intercompany loan balance does not fall due within 12 months.

10. Creditors

	30 Jun 2019 £	31 Dec 2017 £
Amounts falling due within one year:		
Trade creditors	2,894,210	369,105
Bank loans (see note 11)	-	4,243,727
Accruals	-	221,420
	<u>2,894,210</u>	<u>4,834,252</u>

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

11. Interest bearing loans and borrowings

	18 months ended 30 Jun 2019	Year ended 31 Dec 2017
	£	£
Receivables finance facility	-	4,243,727

12. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	30 Jun 2019 £	31 Dec 2017 £
Financial assets		
Measured at amortised cost		
• Amounts due from parents undertaking (see note 9)	13,416,662	7,265,026
Assets measured at cost less impairment		
• Trade debtors (see note 9)	-	6,882,634
• Accrued income (see note 9)	-	5,947
	<u>13,416,662</u>	<u>14,153,607</u>
	30 Jun 2019 £	31 Dec 2017 £
Financial liabilities		
Measured at amortised cost		
• Loans payable (see note 10)	-	4,243,727
Liabilities measured at cost less impairment		
• Trade creditors (see note 10)	2,894,210	369,105
• Accruals (see note 10)	-	221,420
	<u>2,894,210</u>	<u>4,834,252</u>

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

13. Called up share capital and reserves

	30 Jun 2019 £	31 Dec 2017 £
Called up, allotted and fully paid:		
100 (2017: 100) ordinary shares of £1.00 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income.

14. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 not to disclose transactions with other members of the CitySprint (UK) Holdings Limited Group where the parties to the transaction are wholly-owned members of the Group.

Directors' transactions

There were no transactions between the Company and its directors. The directors are considered to be key management personnel.

15. Employee benefits

Defined contribution scheme

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £nil (2017: £4,380).

16. Cross guarantees

The Company is part of a VAT group and therefore as a whole the Group has a liability for the VAT creditor at the end of the period in a fellow subsidiary of £2,321,314 (2017: £4,267,172). This balance has been recorded on the consolidated balance sheet at year end as creditors.

The Company has guaranteed the secured bank loans of the Group on behalf of its subsidiaries. The maximum amount available to the Group under this facility is £96,500,000 (2017: £96,500,000) and the amount outstanding at the balance sheet date was £92,049,455 (2017: £89,549,284). Of this amount outstanding, £nil (2017: £4,243,727) was outstanding within this Company. The guarantee is secured by a fixed and floating charge over the assets of the Company.

The company has cross guarantees with CitySprint (UK) Bidco Limited in relation to a financial derivative.

CitySprint Courier Services Limited

Notes to the financial statements For the 18 months ended 30 June 2019

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking is CitySprint (UK) Limited.

The directors consider the ultimate and immediate parent undertaking and controlling party to be CitySprint (UK) Holdings Limited at the year end, which is the parent undertaking of the largest group for which financial statements are prepared of which the Company is a member.

The largest group in which the results of the Company and its group are consolidated is that headed by CitySprint (UK) Holdings Limited, (registered address: Ground Floor, RedCentral, 60 High Street, Redhill, Surrey, RH1 1SH). The smallest group in which they are consolidated is that headed by CitySprint (UK) Limited, (registered address: Ground Floor, RedCentral, 60 High Street, Redhill, Surrey, RH1 1SH).

Copies of the financial statements for the Ultimate Parent Company can be obtained from Companies House.

On 29 July 2020 the CitySprint Group undertook a capital restructuring and additional shareholder loans. This included the incorporation of two new entities, including Project Bolt Newco 2 Limited, which purchased 100% of the equity of CitySprint (UK) Bidco Limited and is now the ultimate controlling party of the Group, being CitySprint (UK) Bidco Limited and subsidiaries.

18. Subsequent events

There have been no subsequent events to report.