Registered Number 02584802

Revisecatch Limited

Annual Report and Financial Statements

For the 53 weeks ended 31 March 2019

Contents

Strategic report

Principal activities
The principal activity of the Company is as a provider of courier services predominantly focused upon clients in London and the South East.

Results and dividends
The profit after tax for the 53 weeks ended 31 March 2019 was £1,379,000 (2017-18: £1,515,000). An interim dividend of £1,500,000 was paid to the parent company Royal Mail Courier Services Limited (RMCS) on 29 November 2018 (2017-18: £3,500,000). The Directors do not recommend a final dividend (2017-18: £nil).

Review of the business and future developments
During the period the Company maintained a steady performance in the London urgent courier market.

The update of the Company's website was postponed which may have reduced the potential flow of new business enquires. During this period we have started to work more closely with RMCS which will provide scope for expanding, geographically, the services we offer.

The Company is expected to continue its current business activities for the foreseeable future. Through monitoring of key financial and quality of service indicators the Directors consider the performance and position of the Company to be in line with expectations.

Key Performance Indicators (KPIs)
The Directors consider a number of financial KPIs in monitoring the performance of the Company, as follows:

- Revenue; and
- Profit Before Tax.

Revenue for the period was £15,724,000 (2017-18: £16,886,000) and profit before tax for the period was £1,678,000 (2017-18: £1,860,000). The Directors are satisfied that the Company has met its expectations with respect to the KPIs in this reporting period.

Principal risk and uncertainties
There are two principal risks faced by the Company both of which relate to couriers.

Firstly, a question mark continues to exist surrounding the employment status of the Company's couriers. The Government is reviewing the definition of worker status and there has been an increase in worker status claims being presented to Employment Tribunals over the last three years. A change in the law and/or a finding of worker status against the Company could have an impact on the cost base of the business, which we continue to monitor.

Secondly, new players in the sameday courier market continue to disrupt, placing upward pressure on courier earnings.

Risk arising from UK exit from the European Union (EU)
While negotiations are ongoing and the future UK-EU relationship remains unclear, it is not possible to predict with any degree of accuracy what impact Brexit could have on the Company. The Company will continue to trade as now while new arrangements are negotiated and implemented, and continue to monitor and evaluate any risk that arises.

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.

By Order of the Board

Guy Howell
Director
Revisecatch Limited
Registered Number: 02584802
Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ
25 September 2019

Directors' report

The Directors present the Annual Report and Financial Statements for Revisecatch Limited (the Company). These financial statements relate to the 53 weeks ended 31 March 2019 (2017-18: 52 weeks ended 25 March 2018).

Directors and their interests

The following have served as Directors of the Company during the period ended 31 March 2019 and up to the date of approval of these financial statements unless otherwise stated:

Malcolm Fullick	
Guy Howell	
Simon Mott	Resigned 17 September 2018
Ian Oliver	Resigned 17 September 2018

Research and development

Research and development expenditure during the period amounted to £nil (2017-18: £nil).

Political donations

No political donations were made in the period (2017-18: £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.

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

The Company had net assets of £2,338,000 at 31 March 2019 (2017-18: £2,459,000). After analysis of all the factors, including those stated in the Strategic report, the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

Auditor

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

Employees

Our goal is to ensure that all employees are engaged and involved in the business and are aligned and equipped to meet business objectives. As part of our commitment to drive better service for customers we continue to focus on improving the quality of our leadership, professionalising key roles and achieving greater employee involvement in decision making. Underpinning all of this is a need for dignity at work, where everybody feels valued, is treated fairly and equally and with everyone playing a full part in helping the Company to achieve its goals.

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.

Directors' report (continued)

Strategic report
In accordance with s414c(ii) of the Companies Act, the Company has set out certain information in its Strategic report that is otherwise required to be disclosed in the Directors' report. This includes information regarding results and activities, dividends and a description of the principal risks and uncertainties facing the Company.

Statement of Directors' responsibilities in respect of 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 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

Guy Howell
Director
Revisecatch Limited
Registered Number: 02584802
Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ
25 September 2019

Independent Auditor's Report to the members of Revisecatch Limited

Opinion
We have audited the financial statements of Revisecatch Limited ("the Company") for the 53 week period ended 31 March 2019 which comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the 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 31 March 2019 and of its profit for the 53 week period 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
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their 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, including the impact of Brexit, 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 group or the company will continue in operation.

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 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 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.

Independent Auditor's Report to the members of Revisecatch Limited (continued)

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.

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.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 September 2019

Income statement
for the 53 weeks ended 31 March 2019 and 52 weeks ended 25 March 2018

	Notes	2019 £000	2018 £000
Continuing operations			
Revenue		**15,724**	16,886
People costs	2	**(2,816)**	(3,175)
Other operating costs	3	**(11,154)**	(11,826)
Impairment		**(122)**	-
Operating profit		**1,632**	1,885
Profit/(loss) on disposal of property, plant and equipment		**43**	(21)
Finance expense	5	**-**	(7)
Income from investments	6	**3**	3
Profit before tax		**1,678**	1,860
Tax charge	7	**(299)**	(345)
Profit for the period		**1,379**	1,515

Statement of comprehensive income
for the 53 weeks ended 31 March 2019 and 52 weeks ended 25 March 2018

There is no comprehensive income for either period other than the profit attributable to the Company of £1,379,000 (2017-18: £1,515,000).

Statement of changes in equity
for the 53 weeks ended 31 March 2019 and 52 weeks ended 25 March 2018

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 26 July 2017	-	4,444	4,444
Profit for the period	-	1,515	1,515
Dividend paid	-	(3,500)	(3,500)
Balance at 25 March 2018	**-**	**2,459**	**2,459**
Profit for the period	**-**	**1,379**	**1,379**
Dividend paid	**-**	**(1,500)**	**(1,500)**
Balance at 31 March 2019	**-**	**2,338**	**2,338**

Revisecatch Limited

Balance sheet
at 31 March 2019 and 25 March 2018

	Notes	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	8	**1,155**	764
Intangible assets	9	**88**	162
Investments	10	**105**	105
Deferred tax assets	7	**282**	421
		1,630	1,452
Current assets			
Trade and other receivables	11	**2,491**	2,764
Inventories		**12**	10
Cash and cash equivalents		**1,565**	1,242
		4,068	4,016
Total assets		**5,698**	5,468
Current liabilities			
Trade and other payables	12	**(3,296)**	(2,890)
Income tax payable		**(64)**	(110)
Obligations under finance leases	13	**-**	(9)
		(3,360)	(3,009)
Net current assets		**708**	1,007
Total assets less current liabilities		**2,338**	2,459
Net assets		**2,338**	2,459
Equity			
Share capital	15	**-**	-
Retained earnings		**2,338**	2,459
Total equity		**2,338**	2,459

The financial statements on pages 7 to 16 were approved by the Board of Directors on 25 September 2019 and signed on its behalf by:

Guy Howell
Director
Revisecatch Limited
Registered Number: 02584802
Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ
25 September 2019

Notes to the financial statements

1. Accounting policies
The following accounting policies apply throughout the Company:

Accounting reference date
The financial period ends on the last Sunday in March and accordingly, these financial statements are made up to the 53 weeks ended 31 March 2019 (2017-18: 52 weeks ended 25 March 2018).

Authorisation of financial statements and statement of compliance with FRS 101
The financial statements of the Company for the period ended 31 March 2019 were authorised for issue by the Board of Directors on 25 September 2019. 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 (2016-17 Cycle) issued in July 2017 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 period ended 31 March 2019.

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

(a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;[1]

(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);

(ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment* (reconciliation of the carrying amount at the beginning and end of the year);

(iii) paragraph 118(e) of IAS 38 *Intangible Assets* (reconciliation of the carrying amount at the beginning and end of the year);

(c) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';

(d) 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*;

(e) the requirements of IAS 7 *Statement of Cash Flows*;

(f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (information when an entity has not applied a new IFRS that has been issued but is not yet effective);

(g) the requirements of paragraph 17 and 18(a) of IAS 24 *Related Party Disclosures* (key management compensation and related party transaction amounts); and

(h) 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.

[1] 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.

The Company will implement IFRS 16 from 1 April 2019 and Management are still evaluating the impact of this new standard.

Changes in accounting policy
The accounting policies are consistent with those of the previous financial period.

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.

Revenue
Revenue is derived from specific contracts and is recognised at the time of delivery.

Balance sheet
at 31 March 2019 and 25 March 2018

	Notes	**2019 £000**	2018 £000
Non-current assets			
Property, plant and equipment	8	**1,155**	764
Intangible assets	9	**88**	162
Investments	10	**105**	105
Deferred tax assets	7	**282**	421
		1,630	1,452
Current assets			
Trade and other receivables	11	**2,491**	2,764
Inventories		**12**	10
Cash and cash equivalents		**1,565**	1,242
		4,068	4,016
Total assets		**5,698**	5,468
Current liabilities			
Trade and other payables	12	**(3,296)**	(2,890)
Income tax payable		**(64)**	(110)
Obligations under finance leases	13	**-**	(9)
		(3,360)	(3,009)
Net current assets		**708**	1,007
Total assets less current liabilities		**2,338**	2,459
Net assets		**2,338**	2,459
Equity			
Share capital	15	**-**	-
Retained earnings		**2,338**	2,459
Total equity		**2,338**	2,459

The financial statements on pages 7 to 16 were approved by the Board of Directors on 25 September 2019 and signed on its behalf by:

Guy Howell
Director
Revisecatch Limited
Registered Number: 02584802
Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ
25 September 2019

Notes to the financial statements

1. Accounting policies
The following accounting policies apply throughout the Company:

Accounting reference date
The financial period ends on the last Sunday in March and accordingly, these financial statements are made up to the 53 weeks ended 31 March 2019 (2017-18: 52 weeks ended 25 March 2018).

Authorisation of financial statements and statement of compliance with FRS 101
The financial statements of the Company for the period ended 31 March 2019 were authorised for issue by the Board of Directors on 25 September 2019. 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 (2016-17 Cycle) issued in July 2017 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 period ended 31 March 2019.

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

(a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;[1]

(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);

(ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment* (reconciliation of the carrying amount at the beginning and end of the year);

(iii) paragraph 118(e) of IAS 38 *Intangible Assets* (reconciliation of the carrying amount at the beginning and end of the year);

(c) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';

(d) 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*;

(e) the requirements of IAS 7 *Statement of Cash Flows*;

(f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (information when an entity has not applied a new IFRS that has been issued but is not yet effective);

(g) the requirements of paragraph 17 and 18(a) of IAS 24 *Related Party Disclosures* (key management compensation and related party transaction amounts); and

(h) 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.

[1] 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.

The Company will implement IFRS 16 from 1 April 2019 and Management are still evaluating the impact of this new standard.

Changes in accounting policy
The accounting policies are consistent with those of the previous financial period.

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.

Revenue
Revenue is derived from specific contracts and is recognised at the time of delivery.

1. Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is recognised at cost, including attributable costs in bringing the asset into working condition for its intended use. Depreciation of property, plant and equipment is provided by reference to net book value and to the remaining useful economic lives of assets and their estimated residual values. The useful lives and residual values are reviewed annually and adjustments, where applicable, are made on a prospective basis. The lives assigned to major categories of property, plant and equipment are:

Leasehold property	4 years
Plant and machinery	3 years
Fixtures and fittings	4 years (reducing balance)
Motor vehicles	4 years

Intangible assets
Intangible assets acquired separately or development costs that meet the criteria to be capitalised are initially recognised at cost and are assessed to have either a finite or indefinite useful life. Those with a finite life are amortised over their useful life and those with an indefinite useful life, such as goodwill, are reviewed for impairment annually or more frequently if events, or changes in circumstances, indicate that the carrying value may be impaired. An impairment loss is recognised in the income statement for the amount by which the carrying value of the asset exceeds its recoverable amount, which is the higher of an asset's net realisable value and its value in use.

Amortisation of intangible assets with finite lives is charged annually to the income statement on a straight-line basis as follows:

Development costs	5 years

Income tax and deferred tax
The charge for current tax is based on the results for the reporting period as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are recognised for all taxable and deductible temporary differences and unused tax assets and losses except:

- Initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss; and
- Taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which they can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and increased or reduced to the extent that it is probable that sufficient taxable profit will be available to allow them to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the tax asset is realised or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Current and deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity, otherwise it is recognised in the income statement.

Investments in subsidiaries and associates
Investments in subsidiaries and associates within the Company's financial statements are stated at cost less any accumulated impairment losses.

1. Accounting policies (continued)

Trade receivables
Trade receivables are recognised and carried at original invoice amount less an allowance for any non-collectable amounts. This allowance is calculated by first creating an allowance for identified trade receivables where collection of the full amount is no longer probable and then applying lifetime expected credit loss (ECL) rates to the unprovided balance. Bad debts are written off when identified.

Trade payables
Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally this results in their recognition at their nominal value.

Foreign currencies
The functional and presentational currency of the Company is Sterling (£).

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Currently hedge accounting is not claimed for any monetary assets and liabilities. All differences are therefore taken to the income statement.

Leases
Finance leases, where substantially all the risks and rewards incidental to ownership of the leased item have passed to the Company, are capitalised at the inception of the lease with a corresponding liability recognised as the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and capital element of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.
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 statement over the lease term. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Contingent liabilities
Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless an outflow of resources is considered to be remote.

2. People costs and numbers
The Company meets the full costs of employment for its members of staff.

	2019 £000	2018 £000
Wages and salaries	**(2,537)**	(2,874)
Social security costs	**(251)**	(284)
Pension costs	**(28)**	(17)
Total	**(2,816)**	(3,175)

Staff numbers, calculated on a headcount basis and including part-time employees were:

	Period end employees		**Average employees**	
	2019	2018	**2019**	2018
Total employees	**93**	119	**99**	120

3. Operating costs

Operating profit from continuing operations is stated after charging the following operating costs:

	2019 £000	2018 £000
Depreciation	**(335)**	(360)
Amortisation	**(10)**	(11)
Operating lease costs	**(160)**	(295)

Auditor's remuneration amounted to £18,500 (2017-18: £15,000) for the audit of the statutory financial statements. Auditor's remuneration relating to other services supplied to the Company was £nil (2017-18: £nil).

4. Directors' remuneration

	2019 £000	2018 £000
Short-term employee benefits	**(281)**	(336)
Post-employment benefits	**(1)**	(1)
Total	**(282)**	(337)

Two directors left the Company's money purchase pension scheme during the period. At the year end there was one remaining Director in the scheme (2017-18: three). The total remuneration payable to the highest paid Director was £117,933.

5. Net finance costs

	2019 £000	2018 £000
Finance charges	**-**	(7)
Total	**-**	(7)

6. Income from investments

	2019 £000	2018 £000
Dividend received from investments	**3**	3

The dividend income relates to the £2,625 received from preference shares in D.A. Systems Limited (2017-18: £2,625).

7. Taxation

(a) Tax charge recognised in the period	2019 £000	2018 £000
Tax charge in the income statement		
Current income tax:		
Current UK income tax charge	**(160)**	(188)
Amounts underprovided in earlier years	**-**	(10)
Total current income tax charge	**(160)**	(198)
Deferred income tax charge	**(157)**	(166)
Amounts overprovided in earlier years	**1**	2
Effect of changes in tax rates	**17**	17
Total deferred income tax charge	**(139)**	(147)
Tax charge in the income statement	**(299)**	(345)

7. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax assessed for the period differs from the statutory rate of corporation tax in the UK of 19% (2017-18: 19%). An analysis of the charge is given below:

	2019 £000	2018 £000
Profit before tax	**1,678**	1,860
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017-18: 19%)	**(319)**	(353)
Non-deductible expenditure	**2**	(1)
Amounts overprovided/(underprovided) in earlier years	**1**	(8)
Effect of change in tax rates	**17**	17
Tax charge in the income statement	**(299)**	(345)

(c) Factors that may affect future tax charges

The UK corporation tax rate will reduce from 19 per cent to 17 per cent on 1 April 2020. In accordance with accounting standards, the effect of these rate reductions on deferred tax balances has been reflected in these financial statements, dependent upon when temporary differences are expected to reverse.

(d) Deferred tax asset

	2019 £000	2018 £000
Advanced capital allowances	**32**	33
Short-term timing differences	**6**	1
Losses available for offset against future taxable income	**244**	387
Total	**282**	421

The movement on deferred tax is shown below:

	£000
Deferred tax asset at 25 March 2018	421
Total deferred income tax charge	(139)
Deferred tax asset at 31 March 2019	**282**

The deferred tax asset includes £244,000 (2017-18: £387,000) which relates to carried forward tax losses. Following a review of the recoverability of this asset, the Company has concluded that the deferred asset will be recovered using the estimated future taxable income based on the approved business plans and budgets.

At 31 March 2019, the Company had unrecognised deferred tax assets of £222,000 (2017-18: £222,000) in relation to £1,304,000 (2017-18: £1,304,000) of UK capital losses carried forward. The Company has not recognised these deferred tax assets on the basis that it is not sufficiently certain of its capacity to utilise them in the future.

8. Property, plant and equipment

	Leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 26 March 2018	26	1,012	291	1,103	2,432
Additions	-	37	-	696	733
Disposals	-	-	-	(148)	(148)
At 31 March 2019	**26**	**1,049**	**291**	**1,651**	**3,017**
Depreciation					
At 26 March 2018	26	876	211	555	1,668
Depreciation	-	42	20	273	335
Disposals	-	-	-	(141)	(141)
At 31 March 2019	**26**	**918**	**231**	**687**	**1,862**
Net Book Value					
At 31 March 2019	**-**	**131**	**60**	**964**	**1,155**
At 25 March 2018	-	136	80	548	764

9. Intangible assets

	Goodwill £000	Development costs £000	Total £000
Cost			
At 26 March 2018	191	149	340
Additions	-	58	58
At 31 March 2019	**191**	**207**	**398**
Amortisation and impairment			
At 26 March 2018	141	37	178
Amortisation	-	10	10
Impairment	-	122	122
At 31 March 2019	**141**	**169**	**310**
Net Book Value			
At 31 March 2019	**50**	**38**	**88**
At 25 March 2018	50	112	162

The impairment recognised in the period relates to the cancellation of two related operational software projects following a decision made by the Company to retain an existing system and platform.

10. Investments

	Total £000
Cost and net book value	
At 25 March 2018 and 31 March 2019	**105**

The Company owns 64 per cent of the issued preference share capital of D.A. Systems Limited, a company registered in England. The principal activity of D.A. Systems Limited is software development and consultancy. The company's registered address is 5 The Courtyard, Furlong Road, Bourne End, Buckinghamshire, SL8 5AU.

11. Trade and other receivables

	2019 **£000**	2018 £000
Trade receivables	**2,306**	2,589
Prepayments and accrued income	**142**	133
Other receivables	**43**	42
Total	**2,491**	2,764

12. Trade and other payables

	2019 **£000**	2018 £000
Trade payables	**(321)**	(283)
Amounts owed to parent company	**(1,000)**	(500)
Accruals and deferred income	**(1,146)**	(993)
Other taxes and social security	**(401)**	(494)
Other creditors	**(428)**	(620)
Total	**(3,296)**	(2,890)

13. Commitments

Operating lease commitments

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

	Total	
	2019 **£000**	2018 £000
Within one year	**(69)**	(244)
Between one and five years	**(6)**	(60)
Beyond five years	**-**	-
Total	**(75)**	(304)

Operating lease commitments relate primarily to a number of warehouse and office facilities. Existing leases for land and buildings expired on 29th June 2019 and the Company is currently holding over via a periodic tenancy.

Finance lease commitments

	At 31 March 2019		At 25 March 2018	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
	£000	**£000**	£000	£000
Within one year	-	-	(9)	(9)
Between one and five years	-	-	-	-
Beyond five years	-	-	-	-
Total minimum lease payments	-	-	(9)	(9)
Less future finance charges	-	-	-	-
Total finance lease obligations	-	-	(9)	(9)

14. Dividends

Dividends on ordinary shares	2019 pence per share	2018 pence per share	2019 £000	2018 £000
Interim dividends paid	**700,934**	1,635,514	**(1,500)**	(3,500)
Total dividends paid	**700,934**	1,635,514	**(1,500)**	(3,500)

15. Issued share capital

	2019 £	2018 £
Allotted and fully paid		
214 ordinary shares of £0.01 each	**2**	2
Total	**2**	2

16. Related party disclosures

The Company has taken advantage of two of the exemptions conferred by FRS 101.8, whereby certain details regarding transactions with 100 per cent 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 period, the Company entered into transactions with related parties which are not part of the Royal Mail Group. The sales to and purchases from related parties are made at normal market prices in the ordinary course of business. Balances outstanding at the period end are unsecured, interest free and settlement is made by cash. The transactions entered into and the balances outstanding at the period end were as shown below.

	Sales/recharges to related party		Purchases/ recharges from related party		Amounts owed from related party including outstanding loans		Amounts owed to related party including outstanding loans	
	2019 £000	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000	**2019 £000**	2018 £000
Milematic Limited	**-**	2	**(41)**	(51)	**33**	32	**-**	-
Larryvision Limited	**-**	1	**(112)**	(84)	**-**	-	**1**	(7)

Ian Oliver, a Director of the Company, has a controlling interest in Milematic Limited and Larryvision Limited.

During the period, rent and insurance payments of £102,582 (2017-18: £129,000) were paid to Ian Oliver, a Director of the Company.

During the period, rent and insurance payments of £86,006 (2017-18: £83,000) were paid to the Milematic Pension Scheme, of which Ian Oliver is a member.

17. Contingent Liabilities

As discussed in the Directors Report on page 2, there is still some uncertainty surrounding the employment status of the Company's couriers. The Government is reviewing the definition of worker status and there has been an increase in worker status claims being presented to Employment Tribunals over the last three years. The Company is robustly defending four claims from former couriers, however a ruling of worker status against the Company could result in additional claims in the future. It is however currently not possible for the amount of any possible future obligation to be reliably measured.

18. Immediate and ultimate parent company

At 31 March 2019, Royal Mail Courier Services 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.

19. Events after the balance sheet date

On 28 June 2019 an interim dividend of £500,000 was paid to Royal Mail Courier Services.