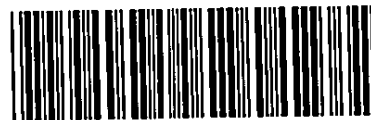


Registered Number 04138203

Royal Mail Group Ltd
Annual Report and Financial Statements
2009-2010

THURSDAY



AJZUGKQC

A12

10/06/2010

86

COMPANIES HOUSE

Royal Mail Group Ltd

Contents

Directors' Report	2
Statement of Directors' responsibilities in respect of the financial statements	7
Independent Auditor's Report to the members of Royal Mail Group Ltd	8
Profit and loss account	9
Statement of total recognised gains and losses	10
Reconciliation of movements in shareholder's funds	10
Balance sheet	11
Notes to the financial statements	12
Corporate information	31

Royal Mail Group Ltd

Directors' Report

The Directors present the Annual Report and Financial Statements of Royal Mail Group Ltd (the Company). These financial statements relate to the 52 weeks ended 28 March 2010 (2009 52 weeks ended 29 March 2009).

Principal activities

The Company continues to provide a nationwide and international distribution service, principally of mails and parcels.

Review of the business and future developments

Royal Mail Letters processes and delivers around 71 million letters and packages to 28 million addresses every working day in line with its unique Universal Service Obligation. It is also responsible for designing and producing the UK's stamps and philatelic products. Parcelforce Worldwide is a leading provider of collection and delivery services for urgent packages and parcels within the UK and throughout the world, providing both business and private addresses with a range of timed delivery options.

Business performance

The Company's operating profit before exceptional items has more than doubled to £124 million despite an overall revenue fall of £140 million, although the profit margin remains low at less than 2%. The business continued to make significant advances in implementing modernisation and efficiency measures during the year, including a substantial increase in the volume of mail processed automatically. The financial performance of the business shows a clear positive impact of the modernisation programme, which will be boosted further following the recent agreement with the Communication Workers Union (CWU).

Parcelforce Worldwide continued to perform well in the hugely competitive time-guaranteed parcel sector. Parcelforce 24 quality of service improved to 97.7% and there was also a 1.0% improvement to 96.8% in the level of parcels delivered on the first visit to the customer, a vital indicator of quality and customer satisfaction in the parcel sector.

The marketplace

The recessionary trading conditions saw many customers posting fewer letters and belt-tightening by downtrading from premium services such as First Class to Second, together with further switches away from traditional mail to email and web communications.

The decline in mail volumes accelerated in 2010. The daily mail bag of around 71 million items is now at levels last seen in the mid 1990s, a time when the business was accustomed to seeing year on year growth in letter volumes. The trend for e-substitution will continue and a key priority going forward must be for Royal Mail to become a leader in innovation with new products and services based around its unique ability to deliver to the UK's 28 million addresses.

Modernisation

Despite strike action by the CWU at local and national level in Royal Mail Letters during 2009, the business made good progress in its modernisation plan with a further 150 new or upgraded machines installed, bringing the total to 368 over the last three years. Over 80% of the mail is now sorted to the level of the individual postman or woman's walk; two thirds of A4 sized mail, including magazines and catalogues, are now sorted automatically and the national rollout of walk sequencing machines, which sort the mail to the exact route followed by the delivery postman or woman, began in 2009, and more than five million letters a day are now being processed using this automated technology. This figure is expected to rise steeply in the coming year as further walk sequencing machines are installed. Five years ago, just half the mail was being sorted automatically.

The Company has also made significant progress on the World Class Mail programme to improve the efficiency of its large sorting offices, with strong input from employees at all levels being crucial. After the significant efficiency gains already seen at Gatwick mail centre where the programme began, there are now 12 centres engaged in the drive to ensure that mail centres, which typically sort several million letters a day, are not just using the most modern equipment but are operating at world class levels of efficiency.

New equipment such as 2,400 electric powered trolleys, 4,000 high capacity trolleys and 24,000 lightweight trolleys is also being introduced to take the weight off postmen and women's backs, helping them deliver safely and efficiently.

Business developments

Despite experiencing difficult trading conditions and falling volumes over the last year, Royal Mail has embraced opportunities to better cater for customers' needs. UK stamp prices have remained amongst the lowest in Europe and a recent Postcomm survey confirmed that the vast majority of customers are happy with Royal Mail's services. The last 12 months have seen Royal Mail significantly enhance its firmly established role in the fulfilment of internet shopping orders, including using postcode data to help businesses target their mailings and opening more than 100 enquiry offices across the UK for longer, with plans to open many more, enabling people to pick up their mail when it is convenient for them.

Royal Mail Group Ltd

Directors' Report (continued)

Way forward

A new age is dawning for Royal Mail as it modernises and builds on its reputation as the customers' champion and a business with a world class edge. After a period of uncertainty, the Company is well placed to compete in a fiercely competitive marketplace. The Company's brands are trusted household names and with the growth in email and text messaging together with the booming home shopping market Royal Mail is changing quickly to give customers exactly what they want.

After another encouraging year, the Company's performance is evidence of real progress being made. However big challenges remain. The continuing trend of decline in traditional mail volumes may improve slightly as the UK economy recovers but will still leave the Company needing to explore and develop new revenue streams and to generate further efficiencies through continuation of modernisation. A solution to the historic pension deficit and access to funding will also be critical to ensure the long term success of the Royal Mail Holdings plc Group and therefore the Company.

Results and dividends

The loss after taxation for the year was £320m (2009 £559m loss). The Directors do not recommend a dividend (2009 nil dividend). The movements in reserves are shown in note 23 to the financial statements.

Pensions

Royal Mail Group Ltd is the sponsoring employer for the Royal Mail Pension Plan and Royal Mail Senior Executive Pension Plan (both defined benefit schemes) and for the Royal Mail Retirement Savings Plan (a defined contribution scheme). A new defined contribution plan (RMDCP) was launched in April 2009. New recruits joining from 31 March 2008 are able to begin paying contributions to the new plan after they have worked for the Company for a year. Based on assets, the Royal Mail Pension Plan is one of the largest pension schemes in the UK.

The assets and liabilities of the defined benefit schemes, as measured under accounting standards are reported as a net pension deficit in the consolidated balance sheet of Royal Mail Holdings plc, the ultimate parent company. The gross assets and liabilities and Royal Mail Group Ltd's share of the net deficit are significantly larger than any of the Company's other assets and liabilities.

Royal Mail Group Ltd has the legal relationship with the Trustees of the defined benefit schemes and as such the Trustees hold Royal Mail Group Ltd liable for the actuarial deficit in the schemes. However under an agreement between Post Office Limited and Royal Mail Group Ltd Royal Mail Group Ltd provides employees engaged in the business of Post Office Limited. Post Office Limited meets the full costs of employment and is responsible for the funding of the pension deficit attributable to these employees. Consequently Post Office Limited recognised a balance sheet deficit on full adoption of FRS 17. This was based on employee numbers over 12 years and represented approximately 7% of the total balance sheet deficit (pre deferred tax) at that time. Accordingly, Royal Mail Group Ltd recognised a balance sheet deficit on full adoption of FRS 17 that represented approximately 93% of the total balance sheet deficit (pre deferred tax) at that time. The net pensions interest deficit recovery payments and actuarial gains or losses are also allocated on this basis giving the Company approximately 93% of the total balance sheet deficit (pre deferred tax) at the balance sheet date. The current service cost, regular future service contributions and curtailments are computed separately for Royal Mail Group Ltd and Post Office Limited based on common factors/rates.

The balance sheet pension deficit (pre deferred tax) has increased from £6,301m in March 2009 to £7,477m. The increase in the deficit of £1,176m principally relates to an actuarial loss of £1,220m. The actuarial loss reflects the Company's share of the total Group actuarial loss which arose due to changes in market conditions giving rise to higher liabilities, only partially offset by improved asset values. This loss is recorded in the statement of total recognised gains and losses.

Political and charitable contributions

During the year, the Company made charitable contributions amounting to £2m (2009 £1m). No political contributions were made in the year (2009 £nil).

Research and development

Research and development expenditure during the year amounted to £nil (2009 £nil).

Policy on the payment of suppliers

The Company's policy is to use its purchasing power fairly. Payment terms are agreed in advance for all major contracts. For lower value transactions the standard payment terms printed on the purchase order apply. It is Company policy to abide with the agreed terms. The Company has sought to comply with the Department for Business Innovation & Skills (BIS) Better Payment Practice Code. Copies of this can be obtained from BIS.

The number of days purchases in creditors at the balance sheet date was 19 (2009 16 days).

Land and buildings

The net book value of the Company's land and buildings based upon a historic cost accounting policy and excluding fit-out is £49m (2009 £12m). In the opinion of the Directors the aggregate market value of the Company's land and buildings exceeds this net book value by £15m (2009 £14m).

Royal Mail Group Ltd

Directors' Report (continued)

Directors and their interests

The following have served as Directors of the Company during the year ended 28 March 2010 and up to the date of approval of these financial statements

Donald Brydon (Chairman)

Alan Cook Resigned as a Director on 15 March 2010 and left the Company on 31 March 2010

Adam Crozier Left the Company on 31 March 2010

Ian Duncan

Mark Higson

David Smith Appointed on 6 April 2010

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

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

Qualifying third party indemnity provisions for Directors

A partial qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) was and remains in force for the benefit of all the Directors of Royal Mail Group Ltd and former Directors who held office during the year. The indemnity is granted under article 129 of the Articles of Association of the Company's immediate parent company Royal Mail Holdings plc. The indemnity is partial in that it does not allow the Company to cover the costs of an unsuccessful defence of a third party claim.

Principal risks and uncertainties

Funding

Royal Mail Group Ltd continues to face considerable cash requirements with respect to its investment in modernisation and funding its pension deficit at a time when the mails market has been opened up to full competition and there is ongoing volatility in mail volumes.

On 23 March 2007 a funding package totalling £1.2bn was completed with Government and for which State Aid clearance was received in April 2009. The £900m senior debt facility expires in March 2014. It has been assumed that another facility will be negotiated to be available by this time. The remaining £300m subordinated loan was fully drawn in March 2009 and will not be repaid until the later of the unconditional release of the monies held in escrow for the Royal Mail Pension Plan Trustee or 19 March 2016.

In making an assessment on Royal Mail Group Ltd's ability to continue as a going concern the Directors have assumed the successful execution of the modernisation plan that an affordable payment profile will be agreed with the Royal Mail Pension Trustee and have considered the ongoing volatility in the mails market along with the risk of greater market decline than forecast. These considerations are set out in greater detail in note 1 to the financial statements.

Mail volumes decline

The average daily mail bag now contains around 71 million letters, packets and parcels. Mail volumes declined by 7.3% in 2010, the steepest fall since volumes peaked at 84 million in 2005. All other major postal operators around the world expect volumes to decline further – TNT Post Group in The Netherlands, for example, is planning for a volume reduction of up to 9% this year and around 30% over the next five years, while the United States Postal Service is currently seeing its mail volumes decline by 13% a year.

The volumes of mail handled by rivals under access arrangements with Royal Mail grew by over 20% in the last 12 months and more than one in three letters – a total of 6.4 billion items – was posted last year with a competitor, but delivered by a Royal Mail postman or woman. Access mail now accounts for more than half of all business mail.

Regulatory framework

The Company continues to engage with the postal regulator, Postcomm, on the regulatory framework within which we operate. As competition intensifies, we remain convinced that regulation should be as focused as possible, but of course with protection and safeguards for those customers, especially consumers and small businesses, who use stamped mail and may not have other or easy access to other forms of communication like email. But with most mail now subject to full competition – from rival operators or rival forms of communication – it is essential that the regulatory constraints we face are appropriate and relevant to the competitive market in which we are operating.

Royal Mail Group Ltd

Directors' Report (continued)

Financial risk management objectives and policies

The Company's principal financial instruments other than derivatives comprise short-term deposits, money market liquidity investments, Government gilt edged securities, loans, finance leases and hire purchase contracts and cash. The main purposes of these financial instruments are to raise finance and manage the liquidity needs of the business operations. The Company has various other financial instruments such as trade debtors and trade creditors which arise directly from operations.

The Company also enters into derivative transactions principally commodity swaps and forward currency contracts with the purpose of managing the commodity and currency risks arising from the Company's operations. It is and has been throughout the year under review, the Company's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates to the Company's debt obligations and interest bearing financial assets.

The Company's policy is to manage its net interest expense using an appropriate mix of fixed and variable rate financial instruments. No external hedging of interest rate risk is undertaken.

Foreign currency risk

The Company is exposed to foreign currency risk due to trading with overseas postal operators for carrying UK mail abroad and delivering foreign origin mail in the UK and various sales and purchase contracts denominated in foreign currency. These risks are mitigated by hedging programmes managed by Group Treasury. Where possible exposures are netted internally and any remaining exposure is hedged using a combination of external spot and forward contracts. Hedging will not normally be considered for exposures of less than £1m. Hedging is normally confined to 80% of the forecast exposure where forecast cash flows are highly probable.

Commodity price risk

The Company is exposed to fuel price risk arising from operating one of the largest vehicle fleets in Europe and a jet fuel price risk arising from the purchasing of air freight services. The Group's fuel risk management strategy aims to reduce uncertainty created by the movements in the oil and foreign currency markets. The strategy uses over-the-counter derivative products (in both US dollars (US\$) commodity price and US\$/sterling exchange rate) to manage these exposures.

In addition, the Company is exposed to the commodity price risk of purchasing electricity and gas. The Group's risk management strategy aims to reduce uncertainty created by the movements in the electricity and gas markets. These exposures are managed by locking into fixed rate price contracts with suppliers.

Credit risk

The Company operates a Credit Policy which provides a fair and equitable arrangement for all its account customers. The level of credit granted is based on a customer's risk profile assessed by an independent credit referencing agent. The Credit Policy is applied rigidly within the regulated products area so as to ensure that Royal Mail is not in breach of compliance legislation. Assessment of credit for the non-regulated products is based on commercial factors which are commensurate with the Company's appetite for risk.

The Company has a dedicated credit management team which sets and monitors credit limits and takes corrective action as and when appropriate. Despite all the controls in place, the Company does suffer from bad debts, but the level of bad debts incurred is below 0.1% (2009 0.1%) of turnover.

With respect to credit risk arising from other financial assets of the Company, which comprise cash, cash equivalent investments, available for sale financial assets, held to maturity financial assets, held for trading financial assets, loans and receivables, financial assets and certain derivative instruments, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Company.

Liquidity risk

The Company's primary objective is to ensure that it has sufficient funds available to meet its financial obligations as they fall due. This is achieved by aligning short-term investments and borrowing facilities with forecast cash flows. Typical short-term investments include money market funds, time deposits with approved counterparties, UK Government gilts and Treasury bills. Borrowing facilities are regularly reviewed to ensure continuity of funding.

Royal Mail Group Ltd

Directors' Report (continued)

People

Royal Mail Group Ltd employs approximately 168,000 people (2009 176 000) Our people are our strategic strength and competitive advantage

The Company's policy is to encourage effective communication and consultation between our people particularly on matters relating to strategy financial and economic factors that may influence the Company's performance This is achieved through the use of an extensive range of communication channels including magazines briefings open forums and an intranet website Our people have various bonus schemes significant elements of which are based on business-related targets

We actively encourage continuous training and skill development for all our people to ensure achievement of corporate and individual objectives Management development and training programmes have been designed to attract and retain the best The Company has worked with the unions to introduce several innovative working practices to improve efficiency

An Equal Opportunities policy is maintained in all respects including disability age religion, colour, sex, nationality ethnic origin sexual orientation race creed and marital status

In 2003, the Chairman created a programme to make Royal Mail Group a 'Great Place to Work' and made it a priority for everyone across the business The purpose of the programme is to encourage people to contribute to improving their working environment to equip our people with the skills they need to develop pride in and understanding of the business and to drive respect for colleagues - in short to ensure people considerations are at the heart of all major business decisions The programme is ongoing and will remain an integral part of our people strategy

Our intention is to underpin our people strategy with a measurement system that will objectively demonstrate the value of our people and their contribution to the success of our business

Currently, the way we monitor our progress towards becoming a 'Great Place to Work' is by using 'Have Your Say' our employee opinion survey launched in January 2003 This is carried out on a rolling basis across all employees and the results are reviewed monthly right through the business - from local level up to Board level

Corporate Social Responsibility

Royal Mail is committed to carrying out its activities in a socially responsible manner in respect of the environment employees customers and local communities A Corporate Social Responsibility (CSR) Governance Committee reports to the Board which publishes an annual report of its activities Further details of our CSR governance structure and activities will be available in our 2010 CSR Report due to be published later in the year

Disabled employees

The Company's policy is to give full consideration to applications for employment from disabled persons Employees who become disabled whilst employed receive full support through the provision of training and special equipment to facilitate continued employment where practicable The Company provides training career development and promotion to disabled employees wherever appropriate

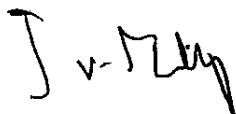
Going concern

After analysis of the financial resources available and cash flow projections for the Company, the Directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis Further details are provided within the fundamental accounting concept in note 1 to the financial statements

Auditor

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

By Order of the Board



Jon Millidge

Secretary

London

28 May 2010

Royal Mail Group Ltd

Statement of Directors' responsibilities in respect of 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to

- select suitable accounting policies and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Royal Mail Group Ltd

Independent Auditor's Report to the members of Royal Mail Group Ltd

We have audited the financial statements of Royal Mail Group Ltd for the year ended 28 March 2010 which comprise profit and loss account statement of total recognised gains and losses reconciliation of movements in shareholder's funds, balance sheet and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Company financial statements

- give a true and fair view of the state of the Company's affairs as at 28 March 2010 and of its loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Company's financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements to be audited 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.



Alison Duncan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
28 May 2010

Royal Mail Group Ltd

Profit and loss account

for the 52 weeks ended 28 March 2010 and 29 March 2009

		2010			2009		
	Notes	Before exceptional items £m	Exceptional Items £m	Total £m	Before exceptional items £m	Exceptional Items £m	Total £m
Turnover from continuing operations	2	6,986	-	6,986	7,126	-	7,126
Costs		(6,862)	(176)	(7,038)	(7,068)	(204)	(7,272)
Staff costs	3/5	(4,564)	(182)	(4,746)	(4,808)	(179)	(4,987)
Depreciation and amortisation	10/11	(220)	-	(220)	(200)	-	(200)
Other operating charges	5	(2,078)	6	(2,072)	(2,060)	(25)	(2,085)
Operating profit/(loss) from continuing operations	4	124	(176)	(52)	58	(204)	(146)
Income from investments	7	97	-	97	6	-	6
Net interest payable	8	(86)	-	(86)	(42)	-	(42)
Net pensions interest	21	(306)	-	(306)	(106)	-	(106)
Loss on ordinary activities before taxation		(171)	(176)	(347)	(84)	(204)	(288)
Taxation credit/(charge)	9			27			(271)
Loss retained for the financial year	23			(320)			(559)

Royal Mail Group Ltd

Statement of total recognised gains and losses for the 52 weeks ended 28 March 2010 and 29 March 2009

	Notes	2010 £m	2009 £m
Loss for the financial year		(320)	(559)
Actuarial losses on defined benefit schemes	21	(1,220)	(3,798)
Taxation on items taken directly to reserves	9	(5)	(168)
(Loss)/gain on cash flow hedges deferred into reserves	23	(12)	8
Loss/(Gain) on cash flow hedges released from reserves to profit for the financial year	23	21	(9)
Gains on cash flow hedges released from reserves to the carrying amount of non-financial assets	23	(4)	(14)
Gains on financial asset investments	23	6	3
Total recognised losses for the financial year		(1,534)	(4 537)

There is no statement of historical cost profits and losses as the financial statements are produced under the historic cost accounting convention

Reconciliation of movements in shareholder's funds

	Notes	2010 £m	2009 £m
Opening shareholder's deficit	23	(5,862)	(1,325)
Total recognised losses for the financial year (see above)		(1,534)	(4 537)
Closing shareholder's deficit	23	(7,396)	(5 862)

Royal Mail Group Ltd

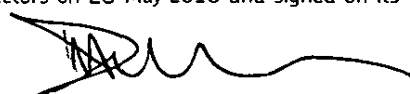
Balance sheet

at 28 March 2010 and 29 March 2009

	Notes	2010 £m	2009 £m
Fixed assets			
Intangible assets	10	92	64
Tangible assets	11	1,157	1,097
Investments in subsidiaries and associates	12	552	552
Financial assets – pension escrow investments	13	178	166
Financial assets – investments	16	49	-
Total fixed assets		2,028	1,879
Current assets			
Stocks		26	20
Debtors – receivable within one year	14	667	673
Debtors – receivable beyond one year	14	517	498
Financial assets – derivatives receivable within one year		24	43
Financial assets – derivatives receivable beyond one year		3	22
Financial assets – investments	15	30	108
Cash at bank and in hand		24	8
		1,291	1,372
Current liabilities			
Creditors – amounts falling due within one year	17	(1,638)	(1,576)
Corporation tax		(2)	(5)
Financial liabilities – derivatives		(17)	(56)
Financial liabilities – interest bearing loans and borrowings		(40)	-
Net current assets		(406)	(265)
Total assets less current liabilities		1,622	1,614
Creditors – amounts falling due after more than one year	18	(169)	(116)
Financial liabilities – derivatives		(1)	(5)
Financial liabilities – interest bearing loans and borrowings	19	(1,137)	(800)
Provisions for liabilities and charges	20	(234)	(254)
Retirement benefit obligation	21	(7,477)	(6,301)
Net liabilities		(7,396)	(5,862)
Capital and reserves			
Called up share capital	22	-	-
Share premium	23	3,784	3,784
Profit and loss account	23	(11,203)	(9,663)
Hedging Reserve	23	12	12
Financial Assets Reserve	23	11	5
Shareholder's deficit		(7,396)	(5,862)

The financial statements on pages 9 to 30 were approved by the Board of Directors on 28 May 2010 and signed on its behalf by


Donald Brydon


Ian Duncan

Royal Mail Group Ltd

Notes to the financial statements

1 Accounting policies

The following accounting policies apply throughout Royal Mail Group Ltd (the Company)

Financial year

The financial year ends on the last Sunday in March and, accordingly these financial statements are made up to the 52 weeks ended 28 March 2010 (52 weeks ended 29 March 2009)

Basis of preparation

The financial statements on pages 9 to 30 have been prepared in accordance with applicable UK Accounting Standards and law including the requirements of the Companies Act 2006 Unless otherwise stated in the accounting policies below the financial statements have been prepared under the historic cost accounting convention

The financial statements present information about the Company as an individual undertaking and not as a Group The Company has taken advantage of section 400 of the Companies Act 2006 not to prepare Group financial statements on the grounds that its ultimate parent undertaking makes its Group financial statements publicly available

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

No cash flow statement has been presented as the Company is a wholly-owned subsidiary of a company which has presented a consolidated cash flow statement within its Group financial statements

Royal Mail Group Ltd is exposed to the risk of being fined by its industry Regulator and of being required to pay compensation to certain customers as a result of failing to meet operational targets set by the Regulator in its licence The amount of such fines and compensation will be determined by the Regulator after further representations from the Company and no further information is being disclosed on the grounds that it can be expected to prejudice the outcome of that process

Changes in accounting policy

The accounting policies are consistent with those of the previous financial year except as follows

Borrowing costs

Borrowing costs incurred on or after 30 March 2009 that are directly attributable to the acquisition construction or production of a qualifying asset are now capitalised having been expensed in prior years The amounts capitalised during the year are not material in the context of the Company's net interest payable or capital additions

Fundamental accounting concept

Royal Mail Group Ltd continues to face considerable cash requirements with respect to its investment in modernisation and funding its pension deficit at a time when the mails market has been opened up to full competition and there is ongoing volatility in mail volumes

On 23 March 2007, a funding package totalling £1.2bn was completed with Government and for which State Aid clearance was received in April 2009 The £900m senior debt facility expires in March 2014 It has been assumed that another facility will be negotiated to be available by this time The remaining £300m subordinated loan was fully drawn in March 2009 and will not be repaid until the later of the unconditional release of the monies held in escrow for the Royal Mail Pension Plan Trustee (the Trustee) or 19 March 2016

In making an assessment on Royal Mail Group Ltd's ability to continue as a going concern the Directors have

- assumed the successful execution of the modernisation plan, which is reflected in detailed plans and supported by financial forecasts
- assumed that an affordable payment profile will be agreed with the Trustee The 2009 scheme valuation together with agreement of the revised schedule of payments is due to be completed by 30 June 2010 The pension deficit has increased since 2006 and repayment of the deficit is now likely to need to extend beyond the 13 years remaining of the 17 year repayment profile agreed in 2007 It is assumed that the pension escrow established in 2007 will continue to be required and
- considered the ongoing volatility in the mails market along with the risk of greater market decline than forecast which creates uncertainties around the financial projections and consequently the funding and headroom requirements of Royal Mail Group Ltd Current cash forecasts indicate cash funding headroom will need to be carefully monitored over the next few years and, in the absence of any modest increase in property values over the next few years there is a potential breach of the Loan to Value covenant on the Group senior debt facility at March 2012 The Directors have identified a portfolio of operational actions and strategic options, including potential asset disposals that will be taken to reduce the loan requirements and enable the covenant to be met or provide additional funding to mitigate any headroom exposures In addition, the Directors have informed Government that they may seek to negotiate a change to the covenants Any changes agreed will be on a commercial basis

On the basis of careful consideration of the cash flow projections and the above considerations the Directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis

Interbusiness trading

The Company operates through business units that make 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 interbusiness charges recognise these dependencies and are reached through negotiation between the respective businesses

Royal Mail Group Ltd

1 Accounting policies (continued)

Turnover

Royal Mail Letters

Account revenue is derived from specific contracts and recognised when the mail delivery is complete. Prepaid revenue mainly relating to stamp and meter income is recognised when the sale is made, adjusted to reflect a value of stamp and meter credits held but not used by the customer.

Parcelforce Worldwide

Account revenue is derived from specific contracts and recognised when the delivery of an item is complete.

ColleagueShare plan

ColleagueShare is the name for the Royal Mail Holdings Group plc (the "Group") phantom share plan. The plan, introduced in 2007-08, is a five-year plan spanning the accounting years from April 2007 to March 2012 and comprises both a phantom share scheme and a related stakeholder dividend worth up to £5,300 per person throughout the life of the plan. The ColleagueShares represent up to a total of 14% of the projected equity value of the Group. Additionally, Royal Mail plans to pay a stakeholder dividend dependent on the achievement of certain targets.

The costs of the plan are being charged to the profit and loss account as an exceptional item throughout the life of the plan and are included within payables or provisions as appropriate. Any long-term liabilities arising in relation to the plan will be discounted at an appropriate high quality corporate bond rate. These discounts will be unwound through the profit and loss account during the life of the plan. The Group will redeem all ColleagueShares by 2012-13.

Intangible fixed assets

Intangible assets acquired separately or developed internally are initially recognised at cost and are reviewed for impairment. An impairment loss is recognised in the profit and loss account 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.

Finite lives of intangible assets are in the range of 1-6 years. Amortisation of intangible assets with finite lives is taken annually to the profit and loss account on a straight-line basis.

Tangible fixed assets

Tangible fixed assets are recognised at cost, including attributable costs in bringing the asset into working condition for its intended use.

Depreciation of tangible fixed assets is provided on a straight-line basis by reference to net book value and to the remaining useful economic lives of assets and their estimated residual values. The lives assigned to major categories of tangible fixed assets are as follows:

	Range of asset lives
Land and buildings	
Freehold land	Not depreciated
Freehold buildings	Up to 50 years
Leasehold buildings	The shorter of the period of the lease, 50 years or the estimated remaining useful life
Plant and machinery	3 - 15 years
Motor vehicles and trailers	1 - 12 years
Fixtures and equipment	2 - 15 years

Impairment reviews

Unless otherwise disclosed in these accounting policies, fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether such indications exist. Where appropriate, an impairment loss is recognised in the profit and loss account for the amount by which the carrying value of the asset (or cash generating unit) exceeds its recoverable amount, which is the higher of an asset's net realisable value and its value in use.

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 reduction 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 profit and loss account over the lease term.

Royal Mail Group Ltd

1 Accounting policies (continued)

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

Stocks

Stocks which include uniforms, fuel, printing and stationery, stamps, mailbags and engineering spares are carried at the lower of cost and net realisable value after adjusting for obsolete or slow-moving stock

Deferred tax

Deferred tax is generally provided in full on timing differences at the balance sheet date at rates expected to apply when the tax liability (or asset) crystallises based on substantially enacted tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not recognised in the following instances:

- on gains on disposal of fixed assets where, on the basis of available evidence, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when there is a commitment to dispose of those replacement assets
- on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings, and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited directly to reserves if it relates to items that are credited or charged directly to reserves. Otherwise it is recognised in the profit and loss account.

Pensions and other post-retirement benefits

Membership of occupational pension schemes is open to most permanent UK employees of the Company. All members of defined benefit schemes are contracted out of the earnings-related part of the State pension scheme.

The pension plans' assets of the defined benefit schemes are measured at fair value. Liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on high quality corporate bond of equivalent currency and term. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet, net of any associated deferred tax balance. Full actuarial valuations are carried out at intervals not normally exceeding three years as determined by the Trustees and, with appropriate updates and accounting adjustments at each balance sheet date, form the basis of the deficit disclosed.

For defined benefit schemes, the amounts charged to operating profit, as part of staff costs, are the current service costs and any gains and losses arising from settlements, curtailments and past service costs.

The net difference between the interest costs and the expected return on plan assets is recognised as net pensions interest in the profit and loss account. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses (STRGL). Any deferred tax movement associated with the actuarial gains and losses is also recognised in the STRGL.

For defined contribution schemes, the Company's contributions are charged to operating profit, as part of staff costs, in the period to which the contributions relate.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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 profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Financial instruments

Financial assets within the scope of FRS 26 'Financial Instruments: Measurement' are classified as, financial assets at fair value through the profit and loss account (held for trading), held to maturity investments, loans and receivables or available for sale financial assets, as appropriate. Financial liabilities within the scope of FRS 26 are classified as either financial liabilities at fair value through the profit and loss account or financial liabilities measured at amortised cost.

Royal Mail Group Ltd

1 Accounting policies (continued)

The Company determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end

When financial instruments are recognised initially they are measured at fair value being the transaction price plus, in the case of financial instruments not at fair value through the profit and loss account any directly attributable transactional costs

The subsequent measurement of financial instruments depends on their classification as follows

Financial assets at fair value through the profit and loss account (held for trading)

Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Assets are carried in the balance sheet at fair value with gains or losses recognised in the profit and loss account.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as 'held to maturity' when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process. Investments intended to be held for an undefined period are not included in this classification.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted on an active market do not qualify as trading assets and have not been designated as either fair value through the profit and loss account or available for sale. Such assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired as well as through the amortisation process.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as such or are not classified in any of the three preceding categories. After initial recognition interest is taken to the profit and loss account using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised as a separate component of reserves until the investment is derecognised or until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported in reserves is included in the profit and loss account.

Financial liabilities at fair value through the profit and loss account (held for trading)

Derivatives liabilities are classified as held for trading unless they are designated as hedging instruments. They are carried in the balance sheet at fair value with gains or losses recognised in the profit and loss account.

Financial liabilities measured at amortised cost

All non-derivative financial liabilities are classified as financial liabilities measured at amortised cost. Non-derivative financial liabilities are initially recognised at the fair value of the consideration received less directly attributable issue costs. After initial recognition non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised or impaired as well as through the amortisation process.

Financial assets – pension escrow investments (fixed assets)

Financial assets – pension escrow investments comprise short-term deposits with banks, conventional gilt edged securities, index-linked gilt edged securities and Treasury bills.

Short-term deposits with banks (pension escrow investments) are classified as loans and receivables financial instruments.

Conventional gilt edged securities, index-linked gilt edged securities and Treasury bills are classified as available for sale financial instruments on the basis that they are quoted investments that are not held for trading and may be disposed of prior to maturity.

Financial assets – investments (current assets)

Financial assets – other investments comprise money market funds and short term deposits with Government, local government or banks. They are classified as loans and receivables financial instruments.

Financial liabilities – interest-bearing loans and borrowings

All loans and borrowings are classified as financial liabilities measured at amortised cost. Borrowing costs are recognised as an expense when incurred.

Financial liabilities – Obligations under finance lease and hire purchase contracts

All obligations under finance lease and hire purchase contracts are classified as financial liabilities measured at amortised cost.

Royal Mail Group Ltd

1 Accounting policies (continued)

Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they are directly attributable to the construction or development of a qualifying asset, in which case they are capitalised using the weighted average cost of borrowing for the period of construction/development

Derivative financial instruments

The Company uses derivative instruments such as foreign currency contracts in order to manage the risk profile of any underlying risk exposure of the Company, in line with the Group's treasury management policies. Such derivative financial instruments are initially stated at fair value.

For the purpose of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction.

In relation to cash flow hedges to hedge the foreign exchange risk of firm commitments that meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to relate to an effective hedge is recognised directly in reserves and the ineffective portion is recognised in the profit and loss account.

When the hedged firm commitment results in the recognition of a non financial asset or non financial liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in reserves are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in reserves are transferred to the profit and loss account in the same year in which the hedged firm commitment affects the net profit/loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the profit and loss account in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in reserves is kept in reserves until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to the profit and loss account for the year.

Fair value measurement of financial instruments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, and discounted cash flow analysis and pricing models. Specifically, in the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the balance sheet date).

Derecognition of financial instruments

A financial asset or liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Contingent liabilities and financial guarantee contracts

Financial guarantee contracts are initially measured at fair value and subsequently at the higher of amounts under FRS 12 or the amounts initially recognised less, when appropriate, cumulative amortisation.

Contingent liabilities are not disclosed if the possibility of losses occurring is considered to be remote.

Government grants

Government grants of a capital nature are deducted from the cost of the related non-depreciable asset.

2 Turnover

Turnover, all from continuing operations, comprises the value of services provided, excluding VAT, from the Company's principal area of activity of providing a nationwide and international distribution service for mails and parcels. The Company operates wholly within the United Kingdom.

3 Staff costs before exceptional items

	2010 £m	2009 £m
Wages and salaries	3,801	3,980
Social security costs	274	291
Pension costs (note 21)	407	460
Temporary resource	82	77
Total	4,564	4,808

Royal Mail Group Ltd

3 Staff costs before exceptional items (continued)

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

	Period end employees		Average employees	
	2010	2009	2010	2009
Mails and Parcels	160,291	167 396	162,907	169 531
Counter Services	8,209	8 760	8,576	8 899
Total employees	168,500	176 156	171,483	178 430

Employees who perform Counter Services within Post Office Limited are employed by the Company but are seconded to Post Office Limited a wholly owned subsidiary of Royal Mail Group Ltd

4 Other operating charges

	2010 £m	2009 £m
Operating profit from continuing operations is stated after charging		
Depreciation and amortisation	220	200
Depreciation of owned tangible fixed assets	159	150
Depreciation of tangible fixed assets under finance lease and hire purchase contracts	36	29
Amortisation of intangible assets	25	21
Operating lease charges	120	119
Land and buildings	84	80
Vehicles and equipment	36	39
Regulatory body costs	14	13
Postcomm	11	9
Postwatch	-	2
Customer Focus	3	2

Auditor's remuneration amounted to £302 000 (2009 £300 000) for the audit of the statutory financial statements Auditor's remuneration relating to other services supplied to the Company was £373 000 (2009 £396 000) This includes £329 000 pursuant to legislation £24 000 tax and £20 000 other

5 Operating exceptional items

	2010 £m	2009 £m
ColleagueShare costs – phantom share scheme	24	(13)
- stakeholder dividend	(65)	(61)
Provision for restructuring – redundancy costs	(141)	(105)
Within staff costs	(182)	(179)
Other exceptional write-offs	6	(25)
Total operating exceptional items	(176)	(204)

The £24m release (2009 £13m charge) for the phantom share scheme and £65m (2009 £61m) stakeholder dividend costs are the estimated amounts relating to the Company ColleagueShare plan this year The Royal Mail Holdings plc Board has agreed to replace the third and final issue of notional shares with an additional stakeholder dividend the payment of which will be directly linked to the achievement of key modernisation milestones in the future The stakeholder dividend earned will be paid to qualifying employees in 2010-11 whilst the costs of the phantom share scheme are discounted and the shares are to be redeemed by the Group by 2012-13

Royal Mail Group Ltd

5 Operating exceptional items (continued)

The provision for restructuring charge of £141m (2009 £105m) comprises redundancy costs relating mainly to operational efficiency initiatives in Royal Mail

Other exceptional write-offs include a £7m net credit (2009 £25m charge) comprising the release of an accrual for professional fees of £10m (2009 £18m charge) in connection with Government funding offset by a charge of £3m (2009 £7m) for other restructuring items charged in the current year

6 Directors' emoluments

The emoluments of all Directors of the Company who were also Directors of Royal Mail Holdings plc are disclosed in the Royal Mail Holdings plc Group financial statements

7 Income from investments

The £97m income from investments comprises dividends of £96m (2009 £nil) from Royal Mail Estates Limited and £1m (2009 £1m) from NDC 2000 Limited. There was no dividend receipt (2009 £5m) from Quadrant Catering Limited

8 Net interest payable

	2010 £m	2009 £m
Interest receivable on investments	7	7
Interest receivable from Group entities	1	3
Other miscellaneous interest receivable	2	-
Interest payable on loans	(66)	(18)
Interest payable to Group entities	(4)	(7)
Unwinding of discount relating to ColleagueShare scheme	(9)	(7)
Other miscellaneous interest payable	(17)	(20)
Total	(86)	(42)

9 Taxation

(a) Taxation (gains)/losses recognised in the year

	2010 £m	2009 £m
Taxation (credit)/charge in the profit and loss account		
Corporation tax charge for year	-	21
Tax over provided in previous years	(1)	1
Current tax (see table below)	(1)	22
Deferred tax		
Origination and reversal of timing differences	(26)	249
	(27)	271

Taxation charge/(credit) on items taken to reserves

	2010 £m	2009 £m
Current tax	-	(21)
Deferred tax		
Origination and reversal of timing differences	5	189
	5	168

Total taxation (gains)/losses recognised in the year.

	2010 £m	2009 £m
Current tax	(1)	1
Deferred tax	(21)	438
	(22)	439

Royal Mail Group Ltd

9 Taxation (continued)

(b) Factors affecting the current tax (credit)/charge on profit on ordinary activities

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £m	2009 £m
Loss on ordinary activities before tax	(347)	(288)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(97)	(81)
Deferred relief for asset depreciation and impairment	47	54
Expenditure disallowable for tax	11	9
Accelerated relief for pension contributions	(13)	(23)
Provisions deductible when incurred	(7)	2
Share scheme amounts deductible when incurred	(8)	2
Adjustment in respect of prior period	(1)	1
Effect of group relief surrenders to other companies	35	34
Dividend not taxable	(27)	(2)
Deferred relief for interest payable	10	-
Hedging profit brought into profit and loss account in advance of tax effect	(2)	-
Losses carried forward	51	26
Total current tax (credit)/charge (see table above)	(1)	22

Pension contributions qualify for tax relief in the year in which they are paid. Pensions contributions paid in the year exceeded charges to the profit and loss account.

(c) Factors that may affect future tax charges

The Company has £76m (2009 £97m) of unrecognised deferred tax assets relating to tax losses that are available for offset against future trading profits. The Company also has £2,097m (2009 £1,767m) of unrecognised deferred tax assets relating to pensions, £250m (2009 £199m) related to deferred capital allowances and £48m (2009 £47m) relating to other timing differences.

The Company has rolled over capital gains the tax effect of which totals £3m (2009 £6m). It is expected that gains on assets sold in the year will be rolled over in due course.

The Company has access to group capital losses carried forward the tax effect of which is approximately £24m (2009 £22m).

(d) Net deferred tax asset

	2010 £m	2009 £m
Deferred capital allowances	-	29
Share scheme	-	4
Hedging	(6)	-
Losses	60	-
Total (within Debtors - receivable beyond one year (note 14))	54	33

The movement on the deferred tax asset is shown below

	£m	Total £m
At 30 March 2009		33
Deferred tax credit in profit and loss account (see note 9(a))	26	
Deferred tax charge on items taken to reserves (see note 9(a))	(5)	
Total deferred tax charge recognised (see note 9(a))		21
At 28 March 2010		54

Royal Mail Group Ltd

10 Intangible fixed assets

	2010 £m	2009 £m
Cost		
At 30 March 2009 and 31 March 2008	112	81
Additions	53	32
Disposals	(1)	(1)
At 28 March 2010 and 29 March 2009	164	112
Amortisation and impairment		
At 30 March 2009 and 31 March 2008	48	28
Amortisation	25	21
Disposal	(1)	(1)
At 28 March 2010 and 29 March 2009	72	48
Net book value		
At 28 March 2010 and 29 March 2009	92	64
At 30 March 2009 and 31 March 2008	64	53

The above intangible fixed assets relate to software

11 Tangible fixed assets

	Land and Buildings						
	Freehold £m	Long leasehold £m	Short leasehold £m	Motor vehicles £m	Plant and machinery £m	Fixtures and equipment £m	Total £m
Cost							
At 30 March 2009	413	78	468	320	954	187	2 420
Reclassification	(12)	1	11	(1)	3	(2)	-
Additions	70	3	51	92	58	29	303
Disposals – external	(7)	-	(13)	(28)	(8)	(15)	(71)
Legal entity transfer	(17)	(3)	(23)	-	(4)	(2)	(49)
At 28 March 2010	447	79	494	383	1,003	197	2,603
Depreciation							
At 30 March 2009	204	59	257	142	555	106	1 323
Depreciation	26	2	35	54	55	23	195
Disposals – external	(7)	-	(13)	(25)	(8)	(15)	(68)
Legal entity transfer	(1)	-	-	-	(3)	-	(4)
At 28 March 2010	222	61	279	171	599	114	1,446
Net book value							
At 28 March 2010	225	18	215	212	404	83	1,157
At 30 March 2009	209	19	211	178	399	81	1,097

Depreciation rates are disclosed within accounting policies (note 1) No depreciation is provided on freehold land, which represents £12m (2009 £1m) of the total cost of properties. The net book value of the Company's land and buildings includes £409m (2009 £427m) in respect of building fit-out. The net book value of the Company's tangible fixed assets held under hire purchase contracts and finance leases amount to £175m (2009 £122m). During the year depreciation of £36m (2009 £23m) was charged in respect of the Company's tangible fixed assets held under hire purchase contracts and finance leases.

The legal entity transfer amounts relate to additions by the Company and subsequently transferred to its relevant subsidiary companies during the year.

Royal Mail Group Ltd

12. Investments in subsidiaries and associates

	Subsidiaries £m	Associates £m	Total £m
Cost			
At 30 March 2009	1 066	26	1 092
At 28 March 2010	1,066	26	1,092
Impairment			
At 30 March 2009	540	-	540
At 28 March 2010	540	-	540
Net book value			
At 28 March 2010	526	26	552
At 30 March 2009	526	26	552

Details of the Company's principal investments in subsidiaries and associates are provided in note 26

13. Financial assets – pension escrow investments

On 23 March 2007 Royal Mail Holdings plc and Royal Mail Group Ltd established £1bn of investments in escrow. These investments are held as security to the Royal Mail Pension Plan in support of a 17 year deficit recovery period from March 2006. At 28 March 2010 Royal Mail Holdings plc had £1 011m of investments in pension escrow and Royal Mail Group Ltd had £178m. Charges over these assets have been registered. Further details on the Royal Mail Pension Plan including the latest full actuarial valuation are contained in note 21.

14. Debtors

	2010 £m	2009 £m
Receivable within one year		
Trade debtors	590	596
Prepayments and accrued income	63	60
Interest debtor	-	-
Amounts owed by subsidiaries	14	17
Total	667	673

	2010 £m	2009 £m
Receivable beyond one year		
Amounts owed by subsidiaries	462	464
Deferred tax asset (note 9 (d))	54	33
Other	1	1
Total	517	498

15. Current financial assets – investments

	2010 £m	2009 £m
Money market funds	28	100
Short-term deposits – Government/local government	1	8
Short-term deposits – bank	1	-
Total	30	108

Royal Mail Group Ltd

16 Non-current financial assets – investments

	2010 £m	2009 £m
Bank deposits	49	-

The bank deposits of £49m (2009 £nil) are pledged as collateral to a counterparty bank which has provided a letter of credit in support of a lease creditor obligation

17 Creditors – amounts falling due within one year

	2010 £m	2009 £m
Trade creditors and accruals	745	758
Advanced customer payments	211	213
Social security	69	88
Amounts due to pension schemes relating to redundancies	6	7
Interest	2	2
Obligations under finance leases and hire purchase contracts (note 25)	59	26
Amounts due to subsidiaries	379	318
Capital creditors	101	94
ColleagueShare	66	70
Total	1,638	1 576

18 Creditors – amounts falling due after more than one year

	2010 £m	2009 £m
Obligations under finance leases and hire purchase contracts (note 25)	113	73
Amounts due to subsidiaries	33	28
Capital creditors	-	6
Other	23	9
Total	169	116

19 Loans

	2010 £m	2009 £m
Amounts falling due in		
More than 2 years but not more than 5 years	300	-
More than 5 years	837	800
Total	1,137	800

Royal Mail Group Ltd

19 Loans (continued)

Analysis of loans and facilities

	2010 £m	2009 £m	Security
Royal Mail Group Ltd senior debt facility	900	900	Fixed charges over Royal Mail Holdings plc's shares in Royal Mail Group Ltd and Royal Mail Group Ltd's shares in Royal Mail Estates Limited Floating charges over all assets of Royal Mail Holdings plc, Royal Mail Group Ltd and Royal Mail Estates Limited
Royal Mail Group Ltd Shareholder loan facility	337	300	None
Royal Mail Group Ltd other drawn down loans	500	500	Fixed charges over Royal Mail Group Ltd's loans to General Logistics Systems B V Royal Mail Group Ltd's loans to subsidiaries of General Logistics Systems B V and Royal Mail Investments Limited's shares in General Logistics Systems B V Floating charge over non regulated assets of Royal Mail Group Ltd
	1,737	1 700	

The £340m drawn down during 2010 against the senior debt facility is at an average interest rate of 2.3%. The related facility has a maturity date of 2014.

The £300m shareholder loan was drawn down during 2009 and is at an average interest rate of 12% and has a maturity date of 2016. The £300m shareholder loan increased by £37m as a result of accrued interest added to the loan.

The £500m other drawn down loan is at an average fixed interest rate of 5.8% (2009 5.8%) and has an average maturity date of 2023 (2009 2023).

The undrawn committed facilities, in respect of which all conditions precedent had been met at the balance sheet date, expire as follows:

	2010 £m	2009 £m
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	560	900
Total	560	900

The Royal Mail Group Ltd drawn down loans become repayable immediately on the occurrence of an event of default under the loan agreements. These events of default include non-payment, insolvency and breach of covenant relating to interest and total indebtedness. It is not anticipated that the Company is at risk of breaching any of these obligations other than explained in note 1.

20 Provisions for liabilities and charges

	At 30 March 2009 £m	Charged/ (released) in operating exceptional items £m	Discount rate adjustment £m	Charged/ (released) in other operating costs £m	Utilised non- cash £m	Utilised cash £m	At 28 March 2010 £m
Total	254	118	9	18	(43)	(122)	234

The provision includes amounts relating to ColleagueShare £100m (2009 £122m) and redundancies of £86m (2009 £95m) with the balance of £48m (2009 £37m) comprising provisions for estimated exposures resulting from legal claims, onerous property contracts and decommissioning.

The amounts charged in other operating costs relate to onerous property contracts and estimated exposures resulting from legal claims. Details of amounts charged as operating exceptional items are contained in note 5.

The cash utilisation of £122m (2009 £88m) includes £107m (2009 £79m) of spend relating to exceptional rationalisation, £6m for ColleagueShare leavers (2009 £2m) and £9m (2009 £7m) relating to other costs. The non-cash utilised amount of £43m (2009 £25m) principally relates to transfers from provisions to current payables for amounts due to the pension scheme for redundancies with early retirement.

Royal Mail Group Ltd

20 Provisions for liabilities and charges (continued)

All provision amounts are expected to be utilised in 2010-11, except for £122m (including ColleagueShare) expected to be utilised within 2 to 3 years, £1m of onerous property contracts expected to be utilised within 3 to 5 years and a further £2m expected to be utilised over a period greater than 5 years

21 Pensions

The Company participates in pension schemes as detailed below

Scheme	Eligibility	Type
Royal Mail Pension Plan (RMPP)	UK employees	Defined benefit
Royal Mail Senior Executive Pension Plan (RMSEPP)	UK senior executives	Defined benefit
Royal Mail Retirement Savings Plan (RMRSP)	UK employees	Defined contribution
Royal Mail Defined Contribution Plan (RMDCP)	UK employees	Defined contribution

All references to the Group in this note refer to the combined totals of the defined benefit plans disclosed in Royal Mail Holdings plc Group financial statements of which 93% is attributable to the Company

Defined contribution

A charge for the defined contribution schemes of £3m (2009 £1m) was recognised in operating profit before exceptional items within the profit and loss account. The Company contributions to these schemes was £3m (2009 £1m). A new defined contribution plan (RMDCP) was launched in April 2009. New recruits joining from 31 March 2008 are able to begin paying contributions to the new plan after they have worked for the Company for a year.

Defined Benefit

Further disclosures and information in relation to the defined benefit schemes including the computation of the Company's share of the deficit are contained in the Directors' Report accompanying these financial statements and in note 26 of the Royal Mail Holdings plc Group financial statements.

Both RMPP and RMSEPP are funded by the payment of contributions to separate trustee administered funds. The latest full actuarial valuations of both schemes have been carried out as at 31 March 2006 using the projected unit method. For RMPP, this valuation was concluded at £3.4bn deficit. For RMSEPP, the valuation was concluded at £43m deficit. A series of changes to RMPP and RMSEPP began to take effect on 1 April 2008 as follows:

- the Plan closed to new members from 31 March 2008
- all pensions and benefits earned before 1 April 2008 are still linked to final salary at the time of retirement
- from 1 April 2008, defined benefits building up for employee members of the Plan are earned on a career salary basis
- employees can continue to take their pension on reaching 60 but the normal retirement age will increase to 65 for benefits earned from 1 April 2010, and
- from 1 April 2010 it will be possible to draw pension earned before the change to normal retirement age at 60, and continue working while still contributing to the Pension Plan until the maximum level of benefits has been reached

Payment of £483m (2009 £510m) was made by the Company during the year in respect of regular future service contributions, nearly all relating to RMPP. The regular future service contributions for RMPP expressed as a percentage of pensionable pay has remained at 20.0% effective from the beginning of the previous year. This rate is not expected to change materially during 2010-11. For RMSEPP, these contributions have remained at 48.2% (2009 48.2%).

Payment of £271m (2009 £270m) was made by the Company during the year to fund the deficit in the schemes, nearly all relating to RMPP. Deficit recovery payments are planned for RMPP over the 17 years from the date of the latest full actuarial valuation. These payments will be made before each 31 March and may therefore span across the Company's year end (the last Sunday in March). Over the 16 years from 31 March 2007, planned deficit payments are some £242m per annum, increasing in line with RPI (base year is 2006-07). For RMSEPP, deficit recovery payments will be £5m per annum from 1 April 2007 to 31 December 2015.

A current liability of £6m (2009 £7m) has been recognised for payments to the pension schemes relating to redundancy (note 16). During the year, payments of £45m (2009 £20m) relating to redundancy were made.

On 23 March 2007, the Company and Royal Mail Holdings plc established £150m and £850m of investments in escrow respectively as security to the Royal Mail Pension Plan in support of a 17 year deficit recovery period.

The following disclosures relate to the gains/losses and deficit in the scheme recognised for RMPP and RMSEPP defined benefit plans in the financial statements of the Company.

Royal Mail Group Ltd

21 Pensions (continued)

a) Major assumptions

The size of the pension deficit, which is large in the context of the Company and its finances is materially sensitive to the assumptions adopted. Small changes in these assumptions could have a significant impact on the deficit and overall profit and loss charge. The major assumptions were:

	At 28 March 2010 % pa	At 29 March 2009 % pa	At 30 March 2008 % pa
Rate of increase in salaries	4.6	4.2	4.6
Rate of increase in pensions and deferred pensions	3.6	3.2	3.6
Discount rate	5.6	6.4	6.5
Inflation assumption	3.6	3.2	3.6
Expected average rate of return on assets	6.7	6.9	6.8

The above assumptions relate to both defined benefit plans with the exception of the expected average rate of return on assets which is computed for the combined assets of the plans. The expected average rate of return on assets is a weighted average of the long-term expected rate of return of each principal asset class (see section b). The expected average rate of return is computed at each balance sheet date based on the market values and long-term rate of return of each principal asset class as at that date.

Mortality

The mortality assumptions for the larger scheme are based on the latest self-administered pension scheme (SAPS) mortality tables (S1PMA for male pensioners and S1DFA for female pensioners) with appropriate scaling factors (106% for male pensioners and 101% for female pensioners), allowing for 'medium cohort' projections with a 1.25% floor. These are detailed below.

Average expected life expectancy from age 60	2010	2009	2008
For a current 60 year old male RMPP member	26 years	26 years	26 years
For a current 60 year old female RMPP member	29 years	29 years	29 years
For a current 40 year old male RMPP member	28 years	28 years	28 years
For a current 40 year old female RMPP member	31 years	31 years	30 years

b) Plans' assets and expected rates of return

The assets in the plans and the expected rates of return for the Group were:

At 28 March 2010

	Market value			Long-term expected rate of return		
	2010 £m	2009 £m	2008 £m	2010 % pa	2009 % pa	2008 % pa
Equities	5,999	5,864	11,090	8.4	8.4	8.3
Bonds	17,652	12,311	10,064	6.2	6.3	5.2
Property	1,677	1,631	2,565	6.6	6.8	6.7
Other assets	486	265	204	4.6	4.2	4.6
Fair value of plans' assets for the Group	25,814	20,071	23,923			
Present value of plans' liabilities for the Group	(33,855)	(26,847)	(26,846)			
Deficit in schemes for the Group	(8,041)	(6,776)	(2,923)			
Deficit in schemes for the Company (at approximately 93%)	(7,477)	(6,301)	(2,718)			

There is no element of the above present value of liabilities that arises from plans that are wholly unfunded.

Certain of the above investments relate to properties occupied by the Group, but the contribution of these properties to the fair value of plans' assets is not material. The pension plans have not invested in any other assets used by the Group or in the Group's own financial instruments.

Royal Mail Group Ltd

21. Pensions (continued)

c) Recognised charges

An analysis of the separate components of the amounts recognised in the performance statements of the Company is as follows

	2010 £m	2009 £m
Analysis of amounts recognised in the profit and loss account		
Analysis of amounts charged to operating profit before exceptional items:		
Current service cost	404	459
Past service cost	-	-
Total charge to operating profit before exceptional items	404	459
Analysis of amounts charged to operating exceptional items		
Loss due to curtailments (within provision for restructuring charge – note 5)	40	29
Total charge to operating profit	444	488
Analysis of amounts charged/(credited) to net pensions interest		
Interest on plans liabilities for the Group	1,701	1 734
Expected return on plans' assets for the Group	(1,372)	(1 620)
Net pensions interest for the Group	329	114
Share of net pensions interest for the Company (at approximately 93%)	306	106
Total charge to profit and loss account before deduction for tax	750	594
Analysis of amounts recognised in the statement of comprehensive income (SOCl) in the Group financial statements		
Actual return on plans assets for the Group	5,841	(3 861)
Less expected return on plans assets for the Group	(1,372)	(1 620)
Actuarial gains/(losses) on assets for the Group (all experience adjustments)	4,469	(5 481)
Experience adjustments on liabilities for the Group	673	(10)
Effects of changes in actuarial assumptions on liabilities for the Group	(6,454)	1 407
Actuarial (losses)/gains on liabilities for the Group	(5,781)	1,397
Total actuarial losses recognised in SOCl for the Group	(1,312)	(4 084)
Share of actuarial losses recognised in STRGL for the Company (at approximately 93%)	(1,220)	(3 798)

d) Movement in plans' assets and liabilities

Changes in the present value of the defined benefit pension obligations are analysed as follows

	2010 £m	2009 £m
Plans liabilities at beginning of period	(24,964)	(24 960)
Current service cost	(404)	(459)
Curtailment costs*	(43)	(25)
Interest payable	(1,582)	(1 613)
Employee contributions	(149)	(156)
Actuarial (loss)/gain (recognised in STRGL)	(5,376)	1 299
Benefits paid	1,038	957
Plans liabilities at end of period	(31,480)	(24,964)

Royal Mail Group Ltd

21. Pensions (continued)

*The curtailment costs in the profit and loss account are recognised on a consistent basis with the associated compensation costs. Estimates of both are included, for example in any redundancy provisions raised. The curtailment costs above represent the costs associated with those people paid compensation in respect of redundancy during the accounting period. Such payments may occur in an accounting period subsequent to the recognition of costs in the profit and loss account.

Changes in the fair value of the plans' assets are analysed as follows:

	2010 £m	2009 £m
Plans' assets at beginning of period	18,663	22,242
Company contributions paid	799	750
Movement in company contributions accrued	(2)	5
Company contributions prepaid in 2008 for 2009	-	50
Employee contributions	149	156
Interest receivable	1,276	1,507
Actuarial gain/(loss) (recognised in STRGL)	4,156	(5,097)
Benefits paid	(1,038)	(957)
Plans' assets at end of period	24,003	18,663

e) History of experience gains and losses

The cumulative amount of actuarial gains and losses recognised since transition to FRS 17 at 29 March 2004 in the statement of total recognised gains and losses is £4,190m loss (2009 a loss of £2,970m). The Directors are unable to determine how much of the pension scheme deficit recognised in transition to FRS 17 is attributable to actuarial gains and losses since inception of the pension schemes. Consequently the Directors are unable to determine the cumulative amount of actuarial gains and losses that would have been recognised in the statement of total recognised gains and losses between inception of the pension schemes and transition to FRS 17.

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of assets for the Group	25,814	20,071	23,923	23,578	21,847
Present value of liabilities for the Group	(33,855)	(26,847)	(26,846)	(28,563)	(27,435)
Deficit in schemes for the Group	(8,041)	(6,776)	(2,923)	(4,985)	(5,588)
Deficit in the schemes for the Company (at approximately 93%)	(7,477)	(6,301)	(2,718)	(4,636)	(5,190)
Experience adjustment on assets for the Company*	4,156	(5,097)	(1,235)	159	3,182
Experience adjustment on liabilities for the Company*	626	(9)	(157)	(113)	(150)

* Experience adjustments for the Group pro-rated for the share of actuarial gains/(losses) recognised in the STRGL for the Company in that year.

	2010 %	2009 %	2008 %	2007 %	2006 %
Experience adjustment on assets as a % of scheme assets for the Company	17.3	(27.3)	(5.6)	0.7	15.7
Experience adjustment on liabilities as a % of scheme liabilities for the Company	(2.0)	0.0	0.6	0.4	0.6
Deficit in the scheme as a % of scheme liabilities for the Company	23.8	25.2	10.9	17.5	20.3

Royal Mail Group Ltd

22 Called up share capital

	2010 £000	2009 £000
Authorised		
100 000 ordinary shares of £1 each	100	100
Total	100	100
Allotted and fully paid		
50 000 ordinary shares of £1 each	50	50
Total	50	50

23 Reserves

	Share premium £m	Retained earnings £m	Hedging Reserve £m	Financial Assets Reserve £m	2010 Total £m	2009 Total £m
Balance at 30 March 2009 and 31 March 2008	3,784	(9,663)	12	5	(5,862)	(1 325)
Loss for the financial year	-	(320)	-	-	(320)	(559)
Actuarial loss on defined benefit schemes	-	(1,220)	-	-	(1,220)	(3 798)
Taxation on items taken directly to reserves	-	-	(5)	-	(5)	(168)
(Losses)/gains on cash flow hedges deferred into reserves	-	-	(12)	-	(12)	8
Losses/(gains) on cash flow hedges released from reserves to profit for the financial year	-	-	21	-	21	(9)
Gains on cash flow hedges released from reserves to the carrying amount of non-financial assets	-	-	(4)	-	(4)	(14)
Gains on financial asset investments	-	-	-	6	6	3
Total recognised (losses)/gains for the financial year	-	(1,540)	-	6	(1,534)	(4,537)
At 28 March 2010 and 29 March 2009	3,784	(11,203)	12	11	(7,396)	(5,862)

Hedging Reserve

The Hedging Reserve is used to record gains and losses arising from cash flow hedges since 28 March 2005

Financial Assets Reserve

The Financial Assets Reserve is used to record fair value changes on available for sale financial assets

Royal Mail Group Ltd

24 Commitments

Capital commitments contracted for but not provided in the financial statements amount to £114m (2009 £192m)

The Company is committed to the following minimum lease payments during the next twelve months under non-cancellable operating leases

	Land and buildings		Vehicles and equipment		IT equipment	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
For leases which expire:						
Within one year	5	7	12	6	-	-
Between one and five years	117	112	3	7	15	11
Beyond five years	62	60	-	1	-	-
Total	184	179	15	14	15	11

25. Obligations under finance leases and hire purchase contracts

	2010		2009	
	Minimum payments £m	Present value of minimum lease payments £m	Minimum payments £m	Present value of minimum lease payments £m
Within one year	65	59	30	26
Between one and five years	118	111	75	70
Beyond five years	4	2	5	3
Total minimum lease payments	187	172	110	99
Less amounts representing finance charges	(15)	-	(11)	-
Present value of minimum lease payments	172	172	99	99

The Company has finance lease contracts for vehicles and property. The leases have no terms for renewal, purchase options or escalation clauses and there are no restrictions concerning dividends, borrowings or additional leases. Vehicle leases have a term of between 1 and 5 years depending on the class of vehicle with the average term being 4 years. The property lease is for a 15 year term.

The aggregate finance charges allocated for the period in respect of finance leases was £6m (2009 £5m)

26. Related party disclosures

Royal Mail Holdings plc is the ultimate parent company of the Company, Royal Mail Group Ltd. Investments in subsidiaries and associates (note 12) comprise principally of the following investments held directly by the Company:

	Country of incorporation	% Holding	Principal activities
Subsidiaries			
Post Office Limited	UK	100	Counter services
Royal Mail Investments Limited	UK	100	Holding company
Royal Mail Estates Limited	UK	100	Property company
Romec Limited	UK	51	Facilities management
Associates			
Quadrant Catering Limited	UK	51	Catering services

All the above subsidiaries and associates have a year end date of the last Sunday in March with the exception of Quadrant Catering Limited which has a 30 September year end date and Romec Limited which has a 31 December year end date.

The principal subsidiary that is not an investment held directly by the Company is General Logistics Systems B.V. General Logistics Systems B.V. is a holding company incorporated in the Netherlands which has investments in other operational companies based in Europe. Royal Mail Investments Limited has a 100% holding in General Logistics Systems B.V.

All shareholdings are equity shares.

Royal Mail Group Ltd

26 Related party disclosures (continued)

Related party transactions

The Company has taken advantage of one of the exemptions conferred by FRS 8 Related Party Disclosures 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

During the year the Company entered into transactions which included administration and investment services recharged to the Groups Pension Plan by Royal Mail Pensions Trustees Limited. The Company also entered into transactions with other entities within the same Group but which are less than 100% owned. The transactions were in the ordinary course of business. The transactions entered into and the balances outstanding at the financial year end were as follows

	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	
	2010	2009	2010	2009	2010	2009	2010	2009
	£m	£m	£m	£m	£m	£m	£m	£m
Royal Mail Pension Plan	10	10	-	-	-	-	-	-
Romec Limited	5	4	137	146	1	-	17	19
G3 Worldwide Mail N V (Spring)	-	-	7	8	3	9	1	2
Quadrant Catering Limited	-	-	35	36	-	-	3	3
NDC 2000 Limited	-	-	9	7	-	-	1	1

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.

The Company trades with numerous Government bodies on an arms length basis. Transactions with these entities are not disclosed owing to the significant volume of transactions that are conducted.

The Company also has certain loan facilities with Government (note 19).

27. Immediate and ultimate parent company

At 28 March 2010 the Directors regarded Royal Mail Holdings plc as the immediate and ultimate parent company. The results of the Company form part of the Royal Mail Holdings plc Group financial statements which are available from that company's website www.royalmailgroup.com or from the Company Secretary, 100 Victoria Embankment, London EC4Y 0HQ.

Royal Mail Group Ltd

Corporate information

Registered Office and Group Head Office

Royal Mail Group Ltd
100 Victoria Embankment
LONDON
EC4Y 0HQ
020 7250 2888
Registered No 04138203

Auditor

Ernst & Young LLP
1 More London Place
LONDON
SE1 2AF

Actuary

Towers Watson Limited
Watson House
London Road
REIGATE
Surrey
RH2 9PQ

Solicitor

Slaughter and May
1 Bunhill Row
LONDON
EC1Y 8YY

Consumer Body

Consumer Focus
4th Floor
Artillery House
Artillery Row
London
SW1P 1RT

Regulator (Postcomm)

Postal Services Commission
Hercules House
6 Hercules Road
LONDON
SE1 7DB