

YODEL DELIVERY NETWORK LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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YODEL DELIVERY NETWORK LIMITED

DIRECTORS AND ADVISERS

Directors

A S Barclay
H M Barclay
P L Peters
M Seal
R Stead
N Lloyd
K Basnett
R J Neal

Secretary

March Secretarial Services Limited

Company number

05200072

Registered office

Second Floor
Atlantic Pavilion
Albert Dock
Liverpool
L3 4AE

Registered auditors

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

YODEL DELIVERY NETWORK LIMITED

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YODEL DELIVERY NETWORK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2014

The directors present their Strategic Report for the year ended 30 June 2014.

The directors in preparing this Strategic Report have complied with s414C of the Companies Act 2006.

Principal activities and business review

The principal activity of the Group and Company is the provision of one-man delivery services and related transport activities. The one-man business delivers packets and parcels on behalf of clients to both business (B2B) and household (B2C) customers, domestically and internationally. The Group's clients include a diverse range of retail and other businesses.

The Group and Company operates under the brand name "Yodel".

The full integration of the DHL Domestic business, which was acquired in March 2010, was planned to take between three to five years. During this period it was anticipated that a loss would be made, so this year's financial out-turn was expected.

The Profit and Loss Account is set out on page 8 and shows a loss for the year after tax of £73.6m (2013: loss of £98.4m). The Group and Company's financial position is set out on page 10. On an EBITDA (Earnings before interest, taxation, depreciation and amortisation) basis significant improvement has been made during the year under review as detailed below:

	2014 £'m	2013 £'m
EBITDA pre exceptional items and inclusive of the share of the profit from the Collect+ joint venture	<u>(42.5)</u>	<u>(75.4)</u>

The directors are pleased to report that EBITDA, pre exceptional items and inclusive of the share of profit from the Collect+ joint venture, was over £32m better than the prior year. The business remains committed to achieving customer excellence and puts the customer at the heart of everything it does.

The Group continues to operate in a rapidly changing market place where over capacity has created a high degree of competition and an under capacity exists at peak periods. The directors continue to believe that successful parcel delivery companies will require significant operational scale in order to provide a full range of services across the B2B, B2C and International markets and must be totally customer focused.

During the year the one-man delivery business prioritised and achieved improved service levels and has continued to attract significant new business, whilst also delivering further on-going cost efficiencies. Indeed, over 300 new customers started trading with the business in the year ended June 2014.

Outlook

The one-man delivery business continues to focus on providing excellent client service and product offerings, together with winning profitable new accounts and on-going operational cost efficiencies. The strategy continues to become the United Kingdom's carrier of choice for retail and business customers through providing world class customer service.

The Group out performed its budget in the year ended 30 June 2014 against both EBITDA and operating cash flow and the directors believe that the Group was EBITDA profitable on a run-rate basis at 30 June 2014. Furthermore, the Group is budgeting an EBITDA profit for the year ending June 2015.

YODEL DELIVERY NETWORK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Business Transformation

On 30 June 2013, in the previous financial year, the trade and assets of 100% owned subsidiary undertakings; Parcelpoint Limited, Yodel Transport Limited and HDN (NI) Limited were transferred to Yodel Delivery Network Limited.


As the subsidiaries were fully consolidated into the Group financial statements, this had no impact on the consolidated Profit and Loss Account or on the net assets of the consolidated Balance Sheet.

Principal risks and uncertainties

The management of the business and execution of the Group's strategy are subject to a number of risks. In addition to the general uncertainty of the national macro-economic situation (particularly the on-going effects of the government's austerity measures and the financing of certain of the Euro-zone economies), the principal other risks to the business are:

- lack of volume leading to sub-optimal usage of assets; and
- market de-stabilisation caused by distressed competitor activity.

On behalf of the board



P L Peters

Director

14 November 2014

YODEL DELIVERY NETWORK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and audited financial statements of the Group for the year ended 30 June 2014.

On 7 August 2013 the Company changed its name from Home Delivery Network Limited to Yodel Delivery Network Limited.

Directors

The following directors have held office since 1 July 2013, unless otherwise noted below:

A S Barclay
H M Barclay
P L Peters
M Seal
R Stead
N Lloyd
K Basnett
R J Neal

(Appointed 4 October 2013)
(Appointed 4 October 2013)
(Appointed 4 October 2013)

Shares and dividends

On 26 June 2014 88,000,000 ordinary £1 shares were issued at par. The directors do not recommend the payment of a dividend (2013: £nil).

Going Concern

The basis of the directors' conclusion on going concern is set out in Note 1 to the financial statements.

Proposed liquidation of dormant subsidiaries

The directors' current intention is to liquidate dormant subsidiary companies Yodel Transport Limited, Wednesbury Hub Properties Limited and Trident Investments Limited during the next financial year.

Political and charitable contributions

During the year the Group made charitable contributions of £7,250 (2013: £9,400). There were no political contributions in the year (2013: £nil).

In September 2014 the Company established the Yodel Foundation in partnership with the Charities Aid Foundation. The Yodel Foundation will support employees who find themselves in financial distress through illness and/ or injury.

The Company also launched a Cycle To Work Scheme in June 2014.

Employee involvement

There is a commitment to employee engagement geared towards business improvement and which incorporates a full and open dialogue with employees and their representatives. This encourages an active contribution from employees to achieving stated business objectives.

Employees and their representatives are regularly informed of business objectives, trading performance, economic conditions and relevant matters. Employees are also represented on the various trustee boards relating to pension arrangements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

YODEL DELIVERY NETWORK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Employee consultation

The Group and Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company.

Elective resolution

The Group has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the Company in general meetings, until such time as the elections are revoked.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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). 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 Group and of the profit or loss of the Group 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 accounting 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 Group will continue in business.

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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

YODEL DELIVERY NETWORK LIMITED

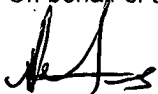
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the board



P L Peters

Director

14 November 2014

YODEL DELIVERY NETWORK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YODEL DELIVERY NETWORK LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of Yodel Delivery Network Limited for the year ended 30 June 2014, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets and accompanying notes 1 to 26 to the accounts, set out on pages 8 to 32. 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 pages 3 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent company's affairs as at 30 June 2014 and of the Group's 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 matter prescribed by the Companies Act 2006

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

YODEL DELIVERY NETWORK LIMITED

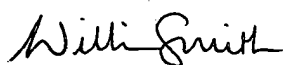
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF YODEL DELIVERY NETWORK LIMITED

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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



WILLIAM SMITH (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

25 November 2014

YODEL DELIVERY NETWORK LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 £'000	2013 £'000
Turnover- Group and share of joint ventures		402,694	389,198
Less share of joint ventures' turnover		(17,695)	(10,174)
Group turnover	2	384,999	379,024
Cost of sales		(332,424)	(355,714)
Gross profit		52,575	23,310
Operating expenses before amortisation and operating exceptional items		(116,460)	(122,238)
Amortisation and exceptional operating items	3	(12,014)	(71)
Share of operating profit/ (loss) of joint venture		803	(469)
Operating loss	4	(75,096)	(99,468)
Curtailment gain	22	2,800	-
Profit on disposal of tangible fixed assets	5	-	4,407
Loss before interest and taxation		(72,296)	(95,061)
Interest payable and similar charges	6	(638)	(3,019)
Other finance costs		-	(217)
Loss on ordinary activities before taxation		(72,934)	(98,297)
Tax on loss on ordinary activities	8	(635)	(57)
Loss on ordinary activities after taxation		(73,569)	(98,354)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

YODEL DELIVERY NETWORK LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2014

		2014 £'000	2013 £'000
Loss for the financial year		(73,569)	(98,354)
Actuarial loss on pension scheme	22	(420)	(667)
Movement on deferred tax relating to pension liability		84	198
Total recognised gains and losses relating to the year		<u>(73,905)</u>	<u>(98,823)</u>

YODEL DELIVERY NETWORK LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2014

	Notes	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Goodwill	10	42,087	45,974	106,196	113,457
Tangible assets	11	66,707	66,977	66,707	66,977
Investments	12	-	-	6,655	7,128
Investment in joint venture					
Share of gross assets		4,480	2,794	-	-
Share of gross liabilities		(3,666)	(2,310)	-	-
	12	814	484	-	-
		109,608	113,435	179,558	187,562
Current assets					
Stocks	13	1,171	1,199	1,171	1,199
Debtors	14	70,817	52,619	72,609	53,676
Cash at bank and in hand		7,700	4,364	7,700	4,364
		79,688	58,182	81,480	59,239
Creditors: amounts falling due within one year	15	(72,182)	(65,223)	(79,162)	(71,467)
Net current assets/ (liabilities)		7,506	(7,041)	2,318	(12,228)
Total assets less current liabilities		117,114	106,394	181,876	175,334
Creditors: amounts falling due after more than one year	16	(10,347)	(9,510)	(10,347)	(9,510)
Provisions for liabilities	17	(11,807)	(14,190)	(11,807)	(14,190)
		94,960	82,694	159,722	151,634
Net pension liability	22	(1,093)	(2,922)	(1,093)	(2,922)
Net assets		93,867	79,772	158,629	148,712
Capital and reserves					
Called-up share capital	19	572,000	484,000	572,000	484,000
Profit and loss account	20	(478,133)	(404,228)	(413,371)	(335,288)
Shareholder's funds	21	93,867	79,772	158,629	148,712

Approved by the Board and authorised for issue on 14 November 2014

N Lloyd
Director



Company Registration No. 05200072

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared to the Saturday closest to 30 June 2014, which this year fell on 28 June (2013: 30 June).

1.2 Going concern

The financial statements are prepared on the going concern basis, with support from parent company Yodel Distribution Holdings Limited. The directors of Yodel Distribution Holdings Limited have indicated their present intention to continue to support the Company to allow the Company to settle its liabilities as they fall due.

In determining whether the Group's accounts can be prepared on the going concern basis, the directors have considered the business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities as well as the principal risks and uncertainties relating to its business activities.

Yodel Distribution Holdings Limited Group and Company cash flows and banking covenants for the next 12 months have been carefully considered from the date of signing the audited financial statements. These have been appraised in the light of the uncertainty in the current economic climate.

As such conservative assumptions have been used to determine the level of financial resources available to the Company and the Group and to assess liquidity risk. The key risk identified by the directors for these assumptions is the impact of deterioration in parcel delivery volume.

The directors are satisfied that the plans to strengthen the business model, together with continued support from Yodel Distribution Holdings Limited, will enable the Company to continue to meet its liabilities as they fall due in the foreseeable future and for a period of at least 12 months subsequent to approval of the financial statements. A full risk analysis exercise has been carried out against the current financial plans and it is considered that the existing plans are both robust and deliverable.

Accordingly, on that basis, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, together with the Group's share of the net assets and results of joint venture undertakings.

Acquisitions are accounted for under the acquisition method. The results of companies or businesses acquired or disposed of during the period are included in the profit and loss account from the date of acquisition or up to the date of disposal. Profits and losses on intra-group transactions are eliminated in full.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

(Continued)

1.5 Related party transactions and cash flow statement

The Company is exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of, or investees of, the ultimate parent company's Group as the ultimate parent company controls 100% of the total shareholding and prepares consolidated financial statements.

As the results of the Company are included in the consolidated financial statements of Yodel Distribution Holdings Limited, which are publicly available, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements (revised 1996)'.

1.6 Turnover

The Group's activities consist solely of the provision of a parcel delivery service and related transport activities to the business and consumer markets in the United Kingdom. Turnover is recognised upon delivery of the parcel to the customer. The turnover and loss before taxation all arise within the United Kingdom in the current and preceding year.

1.7 Goodwill

Goodwill arises where the fair value of the consideration paid is greater than the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised on the balance sheet and amortised on a straight line basis over its useful economic life of 20 years. Provision is made for any impairment as required.

Negative goodwill that arises where the fair value of the Group's interest in the identifiable assets and liabilities acquired exceeds the fair value of the consideration given is capitalised and amortised through the profit and loss account in the period in which the assets acquired are expected to be recovered in the following manner:

- (i) against current non-monetary assets over the period in which those assets are expected to be recovered;
- (ii) against depreciable, non-monetary assets over the useful economic life of those assets; and
- (iii) to the extent that negative goodwill exceeds the fair value of depreciable and other non-monetary assets, it is credited to the profit and loss account in the period of acquisition.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are measured at cost, net of depreciation and any provision for impairment. Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their estimated useful working lives as follows:

Land	not depreciated
Freehold buildings	over a period up to 50 years
Leasehold land and buildings	shorter of 50 years or remaining life of lease
Leasehold improvements	over remaining period of lease
Fixtures, fittings & equipment	10-33% per annum
Motor vehicles	10-25% per annum

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

(Continued)

Assets under the course of construction are not depreciated until they are brought into use.

All major software development costs are treated as part of the cost of the related hardware. They are treated as tangible fixed assets where they are directly attributable to bringing a computer system or other computer operated machinery into working condition for its intended use in the business. Software development costs are written off except where the directors are satisfied as to the technical, commercial and financial viability of individual projects.

Residual value is calculated on prices prevailing at the date of acquisition.

Assets acquired by parent undertakings from other Group companies are acquired at net book value. The useful economic life is based on the remaining useful economic life of the asset at the date of transfer.

1.9 Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease, even if the payments are not made on such a basis. Lease transactions that result in substantially all the risks and rewards of ownership transferring to the Group are accounted for as finance leases. At the inception of finance leases, the capital cost of the asset is included in the financial statements both as a fixed asset, which is then depreciated over its useful economic life, and as an obligation to pay future rentals. The interest element of the leases are charged to the profit and loss account within interest payable over the lease period to produce a constant rate of charge on the balance of the capital repayments outstanding.

1.10 Investments

Investments in subsidiary undertakings are included in the Company's balance sheet at cost on acquisition. Where appropriate, provision is made for any impairment.

A joint venture is an entity in which the Group holds an interest on a long term basis and which it jointly controls with one or more other venturers under a contractual arrangement. The Group's share of profits less losses of joint ventures is included in the consolidated profit and loss account, and the Group's share of their net assets is included within fixed asset investments in the consolidated balance sheet.

1.11 Stock

Stocks are stated at the lower of cost and net realisable value and consist of consumables. Provision is made for obsolete, slow moving or defective items where appropriate.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

1 Accounting policies

(Continued)

1.12 Pensions

Pension costs are calculated in accordance with FRS 17 'Retirement Benefits'.

For multi-employer defined benefit pension schemes, contributions are determined by independent actuaries and where it is not possible to separately identify individual Group shares of the underlying assets and liabilities, these contributions are charged to the profit and loss account in the period in which contributions become payable as pension costs.

For unfunded pension arrangements where the Company can identify its share of the liabilities:

- Provision is maintained based on the advice of independent actuaries for unfunded retirement benefit arrangements less attributable taxation on a full provision basis and shown on the face of the balance sheet.
- Liabilities are measured using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.
- The movement during the period in the present value of the liabilities arising from the passage of time are included in other finance charges.
- Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which contributions become payable as pension costs. The assets of the scheme are held in independently-administered funds.

1.13 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; 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.

Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Turnover

The total turnover of the Group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

3 Amortisation and exceptional items

	2014 £'000	2013 £'000
Reorganisation and restructuring costs	8,127	19,829
Amortisation of positive goodwill	3,887	3,887
Negative goodwill written back	-	(23,645)
	<u>12,014</u>	<u>71</u>

The reorganisation and restructuring costs relate to operational improvement plans which have taken place in the current and prior year.

All items shown above relate to administrative expenses.

4 Operating loss	2014 £'000	2013 £'000
Operating loss is stated after charging/ (crediting):		
Amortisation of intangible assets	3,887	3,887
Negative goodwill written back	-	(23,645)
Depreciation of tangible assets	18,934	22,652
Loss on disposal of tangible assets	1,654	57
Impairment of tangible assets	-	1,319
Operating lease rentals:		
Land and buildings	15,670	15,920
Plant and machinery	15,047	16,203
Fees payable to the Company's auditor for audit of the Company's annual accounts	96	46
Fees payable to the Company's auditor for audit of subsidiaries	-	82
	<u></u>	<u></u>

There were no non-audit fees payable to the auditor (2013: £nil) for the Group or Company.

5 Profit on disposal of tangible fixed assets

The profit on the sale of tangible fixed assets in the prior year relates to the disposal of one of its properties and associated fixtures and fittings on 24 August 2012, which was subsequently leased back on a 15 year operating lease by the Group. The proceeds received were £19.5m, which resulted in a profit on disposal of £4.8m.

In addition in the prior year, on 3 September 2012, the Group sold another property and associated fixtures and fittings, which were subsequently leased back by the Group on a 20 year lease. The consideration received was £11.5m, resulting in a loss on disposal of £0.4m.

This resulted in a Group profit on disposal of £4.4m. The difference between the actual tax charge and the notional tax charge excluding these exceptional items is £nil.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

6	Net interest payable	2014 £'000	2013 £'000
	Interest payable on bank loans and overdrafts	-	2,249
	Interest payable on finance leases	681	820
	Interest receivable from joint venture	(30)	(33)
	Other interest receivable	(13)	(17)
		<u>638</u>	<u>3,019</u>

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

7 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Administration	825	1,021
Distribution and customer services	3,225	3,524
	<u>4,050</u>	<u>4,545</u>

Directors' remuneration

	2014 £'000	2013 £'000
Aggregate emoluments	1,905	879
Contributions to defined contribution schemes	80	-
	<u>1,985</u>	<u>879</u>

	2014 £'000	2013 £'000
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Remuneration of highest paid director

Aggregate emoluments	<u>812</u>	<u>513</u>
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During the year four directors (2013: two) were paid through the Company.

During the year the directors did not participate in the Group defined benefit schemes (2013: nil) and 3 directors (2013: nil) had contributions paid into money purchase pension schemes.

All remaining directors are remunerated by parent undertakings, for which costs are not recharged.

Employment costs	2014 £'000	2013 £'000
Wages and salaries	113,029	119,337
Social security costs	10,637	11,518
Other pension costs	3,309	3,101
Redundancy and severance costs	4,102	11,130
	<u>131,077</u>	<u>145,086</u>

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

8	Taxation	2014 £'000	2013 £'000
	Current taxation		
	Corporation tax at 22.5% (2013: 23.75%)	-	-
	Deferred taxation		
	Movement on deferred tax relating to pension scheme liability	635	57
	Total tax on loss on ordinary activities	635	57
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(72,934)	(98,354)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 22.5% (2013: 23.75%)	(16,410)	(23,359)
	Effects of:		
	Income not taxable	(811)	(7,170)
	Expenses not deductible for tax purposes	1,878	1,601
	Transfer pricing adjustments	72	488
	Fixed asset timing differences	2,720	4,015
	Short term timing differences	10	(64)
	Movement in losses	(371)	11,106
	Chargeable gains	-	4,572
	Group relief surrendered for nil consideration	12,912	8,811
		16,410	23,359
	Current tax charge for the year	-	-

On 21 March 2013, the UK government announced its intention to reduce the rate of corporation tax to 21% from 1 April 2014, with a further reduction of 1% in 2015. The reduction to 21% was substantively enacted before the balance sheet date. The further reductions have not been substantively enacted following the balance sheet date.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

9 Loss for the financial year

As permitted by section 408 Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2014 £'000	2013 £'000
Company's loss for the financial year	<u>(77,747)</u>	<u>(121,699)</u>

10 Intangible fixed assets Group

	Goodwill £'000
Cost	
At 1 July 2013 & at 30 June 2014	<u>77,746</u>
Amortisation	
At 1 July 2013	31,772
Charge for the year	<u>3,887</u>
At 30 June 2014	<u>35,659</u>
Net book value	
At 30 June 2014	<u>42,087</u>
At 30 June 2013	<u>45,974</u>

The Group goodwill carried forward relates to the acquisition of the trade and assets of Reality Group Limited and Business Express Network Limited and is being amortised on a straight-line basis over 20 years.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

10 Intangible fixed assets

(Continued)

Company

Goodwill £'000

Cost

At 1 July 2013 & at 30 June 2014

145,229

Amortisation

At 1 July 2013

31,772

Charge for the year

7,261

At 30 June 2014

39,033

Net book value

At 30 June 2014

106,196

At 30 June 2013

113,457

The Company goodwill carried forward relates to the acquisition of the trade and assets of Reality Group Limited and Business Express Network Limited and amounts transferred in from investments following the transfer of assets from Parcelpoint Limited, HDN (NI) Limited and Yodel Transport Limited. All goodwill is being amortised on a straight-line basis over 20 years.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

11 Tangible fixed assets

Group and Company

	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings & equipment	Assets under the course of construction	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 July 2013	-	4,123	101,304	7,389	14,066	126,882
Additions	689	546	10,366	4,796	3,834	20,231
Transfers between categories	-	220	5,581	(5,801)	-	-
Transfers with other entities	-	-	-	(37)	193	156
Disposals	-	(517)	(13,884)	(44)	(4,792)	(19,237)
At 30 June 2014	689	4,372	103,367	6,303	13,301	128,032
Depreciation						
At 1 July 2013	-	449	51,398	-	8,058	59,905
Charge	-	624	16,478	-	1,832	18,934
Disposals	-	(127)	(12,951)	-	(4,436)	(17,514)
At 30 June 2014	-	946	54,925	-	5,454	61,325
Net book value						
At 30 June 2014	689	3,426	48,442	6,303	7,847	66,707
At 30 June 2013	-	3,674	49,906	7,389	6,008	66,977

Included in tangible fixed assets is freehold land, which is not subject to depreciation, amounting to £0.7m (2013: £nil).

Fixtures, fittings and equipment include assets held under finance leases with a net book value of £15.9m (2013: £13.7m). Depreciation charged on finance leased assets in the year was £5.7m (2013: £6.5m).

Also included in fixtures, fittings and equipment is £30.6m (2013: £23.9m) of computer software which is being depreciated.

Included in assets under the course of construction is £1.5m (2013: £2.7m) of investment incurred relating to on-going software development projects on which depreciation has not commenced as the assets have not yet been brought into use.

Transfers with other entities relate to the transfer of assets with other entities in the Yodel Distribution Holdings Limited Group.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

12 Fixed asset investments Group

	Investment in joint venture
	£'000
Cost	
At 1 July 2013	484
Repayment of loans	(473)
Share of retained profit	803
	<u> </u>
At 30 June 2014	<u>814</u>

Company

	Investment in joint venture	Shares in group undertakings	Total
	£'000	£'000	£'000
Cost			
At 1 July 2013	6,614	514	7,128
Repayment of loans	(473)	-	(473)
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2014	<u>6,141</u>	<u>514</u>	<u>6,655</u>

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The Company had the following subsidiary and joint venture undertakings at 30 June 2014:

Company	Country of registration or incorporation	Class	Shares held %
Drop & Collect Limited (T/A Collect+)	England and Wales	Ordinary	50.00
Parcelpoint Limited	England and Wales	Ordinary	100.00
Trident Investments Limited	Scotland	Ordinary	100.00
HDN (NI) Limited	England and Wales	Ordinary	100.00
Wednesbury Hub Properties Limited	England and Wales	Ordinary	100.00
Yodel Transport Limited	England and Wales	Ordinary	100.00

The financial statements of Drop & Collect Limited (T/A Collect+) are drawn up to 31 March 2014.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

12 Fixed asset investments

(Continued)

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Drop & Collect Limited (T/A Collect+)	Local store and parcel drop off and collection
Parcelpoint Limited	Dormant
Trident Investments Limited	Dormant
HDN (NI) Limited	Dormant
Wednesbury Hub Properties Limited	Dormant
Yodel Transport Limited	Dormant

13 Stocks

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Consumable stock	1,171	1,199	1,171	1,199

The directors consider that there is no material difference between the balance sheet value of stock and the replacement cost.

14 Debtors: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	39,938	32,514	39,938	32,514
Amounts owed by Group undertakings	21,321	9,503	23,110	10,560
Other debtors	1,237	1,997	1,240	1,997
Prepayments and accrued income	8,321	8,605	8,321	8,605
	70,817	52,619	72,609	53,676

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

15 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank balance	1,880	858	1,880	858
Trade creditors	15,509	12,626	15,509	12,626
Amounts due to Group undertakings	692	9,000	7,672	15,241
Taxes and social security costs	5,814	4,863	5,814	4,863
Net obligations under finance lease and hire purchase contracts (note 16)	4,600	4,733	4,600	4,733
Other creditors	13,504	2,551	13,504	2,551
Accruals and deferred income	30,183	30,592	30,183	30,595
	<u>72,182</u>	<u>65,223</u>	<u>79,162</u>	<u>71,467</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

16 Creditors : amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Net obligations under finance leases and hire purchase agreements	<u>10,347</u>	<u>9,510</u>	<u>10,347</u>	<u>9,510</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	4,600	4,733	4,600	4,733
Repayable between one and five years	9,302	9,333	9,302	9,333
Repayable after five years	<u>1,045</u>	<u>177</u>	<u>1,045</u>	<u>177</u>
	<u>14,947</u>	<u>14,243</u>	<u>14,947</u>	<u>14,243</u>

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

17 Provisions for liabilities Group and Company

	At July 2013	Charge to profit and loss account	Utilised during the year	Released to the profit and loss account	At 30 June 2014
	£'000	£'000	£'000	£'000	£'000
Rationalisation	3,002	1,140	(2,914)	-	1,228
Dilapidations	152	-	(12)	-	140
Vehicle provisions	4,249	3,155	(3,075)	(98)	4,231
Other provisions	6,787	4,865	(3,750)	(1,694)	6,208
	<u>14,190</u>	<u>9,160</u>	<u>(9,751)</u>	<u>(1,792)</u>	<u>11,807</u>

The rationalisation provision relates to redundancy and is expected to be utilised during the next financial year.

Vehicle provisions relate to returning leased vehicles to their previous condition, insurance and accident claims which are expected to be utilised over the next three years.

Other provisions mainly relate to other insurance and legal claims and are expected to be utilised in the next five years.

18 Deferred tax asset

The total asset recognised and potential asset for deferred tax are as follows:

	2014 £'000	2013 £'000
Decelerated capital allowances	19,964	19,757
Short term timing differences	980	2,281
Losses	<u>32,557</u>	<u>41,918</u>
Deferred tax asset	53,501	63,956
Deferred tax asset not recognised	<u>(53,501)</u>	<u>(63,956)</u>
Deferred tax asset recognised	<u>-</u>	<u>-</u>

Deferred tax assets of £53.5m (2013: £64.0m) have not been recognised due to insufficient certainty over the recoverability of this asset by the relevant companies within the Group.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

19 Called-up share capital Group and Company

	2014 £'000	2013 £'000
Allotted, called-up and fully paid		
572,000,000 Ordinary shares of £1 each (2013: 484,000,000)	572,000	484,000

On 26 June 2014 the Company allotted 88,000,000 ordinary shares with an aggregate nominal value of £88,000,000. The shares were issued at par and have been fully paid.

On 24 July 2012 the parent company, Yodel Logistics Limited, issued share warrants to Amazon EU S.a.r.l. granting the option to subscribe for ordinary shares of Yodel Delivery Network Limited as follows:

Number of shares	Exercise price	Exercise period
20,450,000	£0.428	24 July 2012 - 24 July 2022

20 Statement of movements on reserves

	Group Profit and loss account £'000	Company Profit and loss account £'000
Balance at 1 July 2013	(404,228)	(335,288)
Loss for the year	(73,569)	(77,747)
Actuarial loss on pension scheme	(420)	(420)
Movement on deferred tax relating to pension liability	84	84
Balance at 30 June 2014	(478,133)	(413,371)

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

21	Reconciliation of movements in shareholder's funds	2014	2013
		£'000	£'000
	Group		
	Loss for the financial year	(73,569)	(98,354)
	Share capital issued	88,000	75,000
	Actuarial loss on pension scheme	(420)	(667)
	Movement on deferred tax relating to pension liability	84	198
		<u> </u>	<u> </u>
	Net increase/ (reduction) in shareholder's funds	14,095	(23,823)
		<u> </u>	<u> </u>
	Opening shareholder's funds	79,772	103,595
		<u> </u>	<u> </u>
	Closing shareholder's funds	93,867	79,772
		<u> </u>	<u> </u>
		2014	2013
		£'000	£'000
	Company		
	Loss for the financial year	(77,747)	(121,699)
	Share capital issued	88,000	75,000
	Actuarial loss on pension scheme	(420)	(667)
	Movement in deferred tax relating to pension liability	84	198
		<u> </u>	<u> </u>
	Net increase/ (reduction) in shareholder's funds	9,917	(47,168)
		<u> </u>	<u> </u>
	Opening shareholder's funds	148,712	195,880
		<u> </u>	<u> </u>
	Closing shareholder's funds	158,629	148,712
		<u> </u>	<u> </u>

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Pension Commitments

The Group participates in the following pension arrangements:

(i) The Littlewoods Pensions Scheme ("Scheme"), which is a defined benefit arrangement based on final pensionable salaries. The pension scheme is set up under trust and the assets of the scheme are held separately from those of the Company. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed by the parent undertaking and all other Shop Direct Holdings Limited Group companies and the Scheme Trustee. The Scheme was closed to new entrants with effect from 1 October 2001 and is closed to future accrual.

From 1 December 2003 certain employees of the Company were eligible for membership of the Shop Direct Group Limited Pension Plan ("Plan"). The Plan was set up following the acquisition by Shop Direct Holdings Limited of the UK home shopping businesses from GUS plc.

Both the Scheme and The Plan closed to future accrual on 28 February 2011. Members were given alternative options upon closure regarding the level of contributions that they and the Company would pay into the new Stakeholder arrangement. The options given were to either retain salary linkage to the defined benefits already accrued, or alternatively the Company would pay more contributions into the Stakeholder arrangement for a member who did not opt to retain salary linkage.

(ii) The Plan is a defined benefit arrangement based on final pensionable salaries, the assets of which are held in a separate trustee-administered fund. The fund is valued at intervals not exceeding three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary and agreed between the Company and the Plan Trustee.

(iii) From 1 October 2001 certain employees of the Company were eligible for membership of funded defined contribution stakeholder pension schemes to which employees and the Company contribute.

(iv) There is an unfunded unapproved retirement benefit arrangement ("UURBS") which provides a benefit on retirement equal to the additional pension the member would have accrued had he not been subject to the Earnings Cap in the Littlewoods Pensions Scheme and the Shop Direct Group Limited Pension Plan. The Group makes benefit payments directly as they fall due.

(v) An ex-gratia arrangement ("Ex-gratia") arrangement was originally set up to provide a benefit at retirement to employees who were not members of the GUS Pension Scheme. During 1998, GUS introduced a new money purchase scheme. All employees not already members of the final salary scheme were invited to join and those who did ceased accrual within the ex-gratia arrangement; the remainder continue to accrue benefits. No new employees have been granted membership of the ex-gratia arrangement since the introduction of the GUS Money Purchase Scheme in 1998. The arrangement is unfunded and provides a lump sum on retirement for employees in service at that time. The Company makes benefit payments directly as they fall due.

Both the Scheme and the Plan are multi-employer defined benefit schemes, for which the Company is unable to identify its share of the underlying assets and liabilities on a consistent and reliable basis. Consequently, contributions are charged to the profit and loss account as pension costs when payable. Certain information on the Scheme and Plan as disclosed in the Shop Direct Holdings Limited financial statements is as below. Full details of these schemes are in the financial statements of Shop Direct Holdings Limited.

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Pension Commitments

(Continued)

	2014 £'000	2013 £'000
Total market value of assets	1,370,600	1,340,400
Present value of scheme liabilities	(1,309,400)	(1,273,300)
Surplus in the schemes	61,200	67,100
Restriction of surplus	(61,200)	(67,100)
Net pension assets	-	-

No surplus has been recognised in the current year as this is restricted due to the closure of the scheme and plan to future accrual. No refund has been agreed with the Trustees so the surplus cannot be recognised.

The total cost of the contributions to all the schemes within these accounts amounted to £3.3m (2013: £3.1m).

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Pension Commitments

(Continued)

Ex-gratia and UURBS arrangements

An independent actuary has estimated the Ex-gratia and UURBS liabilities relating to the Group. Employee turnover is assumed to be at the rate of 10% (2013: 10%) per annum for employees under age 55 and all employees who remain in service will retire at age 65.

The major assumptions used by the actuaries for valuing Ex-gratia liabilities were:

	2014	2013
Rate of increase in pensionable salaries	3.7%	3.8%
Discount rate	4.3%	4.6%
Inflation assumption	3.2%	3.3%

There is no mortality assumption since benefits are paid in a lump sum on retirement.

The major assumptions used by the actuaries for valuing UURBS liabilities were:

	2014	2013
Rate of increase in pensionable salaries	3.7%	3.8%
Rate of increase in pensions in payment if RPI 5%	3.2%	3.3%
Rate of increase in pensions in payment if RPI 2.5%	2.4%	2.4%
Discount rate	4.3%	4.6%
Rate of increase in pensions in deferment	2.2%	2.5%
Inflation	3.2%	3.3%

The assumed life expectancy for a 65 year old male retiring in the current period is 22.6 years (2013: 22.5 years) and for a male retiring in 25 years at age 65 life expectancy is 24.3 years (2013: 24.3 years). The assumed life expectancy for a 65 year old female retiring in the current period is 23.9 years (2013: 23.8 years) and for a female retiring in 25 years at age 65 life expectancy is 26.3 years (2013: 26.1 years).

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Pension Commitments

(Continued)

Analysis of amounts recognised in the profit and loss account:

	2014 £'000	2013 £'000
Current service cost	-	50
Curtailment gain	(2,800)	-
Total operating (credit)/ cost	(2,800)	50
Interest on pension liabilities- other finance charges	-	217
Net profit and loss account (credit)/ charge	(2,800)	267

The curtailment gain is in respect of leavers from the Ex-gratia scheme between 1 July 2011 and 30 June 2014.

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	2014 £'000	2013 £'000
Experience losses on scheme liabilities	(420)	(667)

Movement in deficit during the year

	2014 £'000	2013 £'000
Deficit in the scheme at the beginning of the year	(3,746)	(2,846)
Movement in the year:		
Current service (costs)	-	(50)
Curtailment gain	2,800	-
Benefits paid	-	34
Net interest cost	-	(217)
Actuarial loss	(420)	(667)
Deficit in scheme	(1,366)	(3,746)
Deferred tax asset	273	824
Net pension deficit	(1,093)	(2,922)

YODEL DELIVERY NETWORK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2014

22 Pension Commitments

(Continued)

History of experienced gains/ (losses)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Amount	(420)	(667)	(44)	195	(400)
Percentage of scheme liabilities	(30.7%)	(17.8%)	(1.6%)	6.9%	(11.9%)

23 Cross-Guarantee

The Company has entered into a bank cross-guarantee with other Group companies. The guarantee amounts to £250.0m at 30 June 2014 (2013: £250.0m) relating to facilities in the name of Yodel Logistics Limited.

The assets of the Company are pledged as security for the bank borrowings of Yodel Logistics Limited by way of a fixed and floating charge.

24 Financial commitments

At 30 June 2014 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Expiry date:				
Within one year	911	841	414	1,317
Between two and five years	7,974	7,368	3,986	2,446
In over five years	3,809	4,824	-	-
	<u>12,694</u>	<u>13,033</u>	<u>4,400</u>	<u>3,763</u>

25 Ultimate controlling party

The immediate holding company is Yodel Logistics Limited, a company registered in England and Wales. The largest Group, for which the financial statements are publicly available, into which the results of the Company are consolidated into is Yodel Distribution Holdings Limited, a company registered in England and Wales, which the directors regard as being ultimately controlled by Sir David Barclay and Sir Frederick Barclay Family Settlements. The smallest Group into which the results of the Company are consolidated is the financial statements of Yodel Logistics Limited, which are publicly available from Companies House.

26 Related party relationships and transactions

During the year the Group and Company had sales of £14.8m (2013: £9.4m), and recharged costs of £0.2m (2013: £nil), to Drop & Collect Ltd its joint venture undertaking. The Group and Company made loans to this entity of £nil (2013: £0.5m) during the year and received repayments of £0.5m (2013: £nil) for loans that had previously been made. The Group and Company also had interest receivable of £0.03m (2013: £0.03m). At the year end the Group and Company owed £0.6m (2013: £0.2m) to Drop & Collect Ltd and had £1.8m (2013: £0.9m) of accrued income.