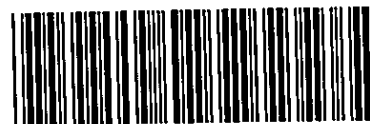


Registered Number 3229377

Royal Mail Investments Limited
Annual Report and Financial Statements
2009 – 2010

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Royal Mail Investments Limited

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Royal Mail Investments Limited

Directors' Report

The Directors present the Annual Report and Financial Statements for Royal Mail Investments Limited (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's principal activity is to act as a holding company for the overseas subsidiaries and associates of Royal Mail Group Ltd

Review of the business and future developments

The Company acts as a holding company function for distribution businesses in overseas markets and expects to continue this activity for the foreseeable future

Results and dividends

The profit for the period was £1 469,000 (2009 £3,588 000) principally derived from dividend income The movement in reserves is shown in note 10 to the financial statements The Directors do not recommend a dividend (2009 £nil dividend)

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 (unless otherwise specified)

Matthew Rose	Appointed 14 April 2009
Mick Jeavons	Appointed 15 March 2010
Roger Durrant	Resigned 30 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 Investments Limited The indemnity is granted under article 129 of the Articles of Association of the Company's ultimate 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

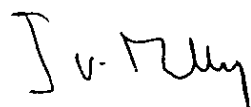
Going concern

As outlined in the Basis of Preparation accounting policy note, as a result of the financial support available from its immediate parent company Royal Mail Group Ltd the Directors consider that it is appropriate to prepare the financial statements on a going concern basis

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
22 July 2010

Royal Mail Investments Limited

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 Investments Limited

Independent Auditor's Report to the members of Royal Mail Investments Limited

We have audited the financial statements of Royal Mail Investments Limited for the year ended 28 March 2010 which comprise the 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 13. 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 4, 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 profit 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

Ernst & Young LLP

**Alison Duncan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory auditor**

London

22 July 2010

Royal Mail Investments Limited

Profit and loss account

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

	Notes	2010 £000	2009 £000
Income from investments	2	1,666	3,588
Other operating charges		(197)	-
Profit on ordinary activities before taxation		1,469	3 588
Taxation	6	-	-
Profit for the financial year	10	1,469	3 588

Royal Mail Investments Limited

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

There are no recognised gains and losses other than the profit attributable to the Company of £1,469,000 (2009 £3,588,000)

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

	2010	2009
	£000	£000
Opening shareholder's deficit	(318,328)	(321 916)
Profit for the financial year	1,469	3,588
Closing shareholder's deficit	(316,859)	(318,328)

Royal Mail Investments Limited

Balance sheet

at 28 March 2010 and 29 March 2009

	Notes	2010 £000	2009 £000
Fixed assets			
Investments in subsidiaries and associates	7	145,991	145,991
Total assets		145,991	145,991
Creditors - amounts falling due after more than one year	8	(462,850)	(464,319)
Net liabilities		(316,859)	(318,328)
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	(321,859)	(323,328)
Shareholder's deficit		(316,859)	(318,328)

The financial statements on pages 6 to 12 were approved by the Board of Directors on 22 July 2010 and signed on its behalf by



Matthew Rose

Royal Mail Investments Limited

Notes to the financial statements

1. Accounting policies

The Company has applied the following accounting policies

Financial period

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 (2009 52 weeks ended 29 March 2009)

Basis of preparation

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 makes its Group financial statements publicly available.

The financial statements on pages 6 to 12 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. Royal Mail Investments Limited had net liabilities of £317m at 28 March 2010 (£318m at 29 March 2009). The Company is therefore dependent on continuing financial support from its immediate parent company, Royal Mail Group Ltd.

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.

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.

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.

2. Income from investments

Investment income relates to dividend income of £1,666,000 (2009 £3,588,000) received from its 100% owned subsidiary PostCap Guernsey Limited (note 12).

3. Staff costs

The Company has no employees (2009 no employees).

4. Auditor's remuneration

Auditor's remuneration amounted to £5,225 (2009 £5,500) for the audit of the statutory financial statements and was met by the immediate parent company Royal Mail Group Ltd.

Royal Mail Investments Limited

5. Directors' emoluments

The Directors do not perform any qualifying services as Directors of the Company in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The Directors are therefore not paid fees by the Company for their services as Directors of the Company, the Directors' emoluments are paid by other companies in the Royal Mail Holdings plc Group of companies.

6. Taxation

(a) Taxation gains/losses recognised

	2010 £000	2009 £000
Taxation charge/(credit) in the profit and loss account:		
Corporation tax charge for year	-	-
Tax over provided in previous years	-	-
Current tax (see table below)	-	-
Deferred tax	-	-
Total tax charge	-	-

(b) Factors affecting the current tax 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 £000	2009 £000
Profit on ordinary activities before tax	1,469	3,588
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	411	1,005
Transfer pricing adjustment re interest	(992)	(3,090)
Losses carried forward	581	2,085
Total current tax (see table above)	-	-

(c) Factors that may affect future tax charges

The Company has unrecognised capital losses carried forward, the tax effect of which is approximately £1,000 (2009 £2,000) which may be set against future capital gains. The company has other unrecognised losses carried forward the tax effect of which is approximately £9,810,000 (2009 £9,230,000). These may be set against future non-trading profits. The Company has claimed no rollover relief.

In June 2010, the Government announced an intention to make progressive reductions in the rate of corporation tax to 24% in 2014-15. As this legislation was not substantively enacted by the balance sheet date, the figures within these accounts are calculated in accordance with the existing rates. However the effect of this would be to reduce the value of the company's unrecognised losses carried forward at the balance sheet date by approximately £1,400,000 to £8,410,000.

Royal Mail Investments Limited

7 Investments in subsidiaries and associates

	Subsidiaries £000	Associates £000	Total £000
Cost			
At 30 March 2009	403,893	23,989	427,882
At 28 March 2010	403,893	23,989	427,882
Impairment			
At 30 March 2009	260,590	21,301	281,891
At 28 March 2010	260,590	21,301	281,891
Net book value			
At 28 March 2010	143,303	2,688	145,991
At 29 March 2009	143,303	2,688	145,991

During May 2009 the Company increased its shareholding in G3 Worldwide NV (Spring) through the acquisition of a further 7.95% of shares. This resulted in an increase in the Company's shareholding in G3 Worldwide Mail NV (Spring) from 24.50% to 32.45%. There was a subsequent capital reduction through the share buyback of B shares from the Company by Spring.

FRS 5 'Reporting the substance of transactions' requires that these separate legal transactions are reported on a net basis. They have therefore not been separately disclosed in the table above in accordance with FRS 5.

8. Creditors - amounts falling due after more than one year

	2010 £000	2009 £000
Amount due to parent company	462,850	464,319

9. Called up share capital

The authorised, allotted, called up and fully paid share capital is 5,000,000 (2009: 5,000,000) ordinary £1 shares, beneficially owned by Royal Mail Group Ltd. There has been no change in the share capital of the Company during the year.

10. Reserves

	Profit and loss account	
	2010 £000	2009 £000
At 30 March 2009 and 31 March 2008	(323,328)	(326,916)
Profit for the financial year	1,469	3,588
At 28 March 2010 and 29 March 2009	(321,859)	(323,328)

11. Charges

A fixed charge has been registered over the Company's shares in General Logistics Systems BV. The charge forms part of the security provided on Royal Mail Group Ltd's £500m loan facility. At 28 March 2010, £500m (2009: £500m) had been borrowed under this facility. Further details on the facility are contained in note 19 of the 2009-10 Royal Mail Holdings plc Group financial statements.

Royal Mail Investments Limited

12. Related party disclosures

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

Principal subsidiaries and associates

	Country of incorporation	% Holding	Principal activities
Subsidiaries			
General Logistics Systems B V ¹	Netherlands	100	Holding company for parcel services group
General Logistics Systems Italy S p A	Italy	100	Parcel services
General Logistics Systems France S A	France	100	Parcel services
General Logistics Systems Germany (formerly German Parcel Paket-Logistik GmbH & Co OHG)	Germany	100	Parcel services
General Logistics Systems Netherlands B V (formerly Nederlandse Pakket Dienst B V)	Netherlands	100	Parcel services
General Logistics Systems Ireland Ltd (formerly Williamses Group)	Ireland	100	Parcel services
General Logistics Systems Austria GmbH	Austria	100	Parcel services
General Logistics Systems Denmark A/S (formerly Pakke Trans A/S)	Denmark	100	Parcel services
General Logistics Systems Poland Spolka z o o (formerly Szybka Paczka Spolka z o o)	Poland	100	Parcel services
General Logistics Systems Belgium Distribution N V	Belgium	100	Parcel services
PostCap Guernsey Limited ¹	Guernsey	100	Insurance services
Associates			
G3 Worldwide Mail N V (trade name 'Spring') ^{1 2}	Netherlands	32.45	Mail services

¹ These investments are held by the Company. All other investments are held by a subsidiary of the Company.

² On 6 May 2009 the Company increased its shareholding in G3 Worldwide Mail N V (Spring) from 24.50% to 32.45%. Further details are given in note 7.

A full list of subsidiaries and associates is available from the Company's registered office. All shareholdings are equity shares and all of the above subsidiaries and associates have a year end date of the last Sunday in March.

13 Immediate and ultimate parent company

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