

Royal Mail plc – parent Company financial statements

The Annual Report and Financial Statements primarily relates to the consolidated results of Royal Mail plc and its trading entities. The mandatory disclosures in this section relate solely to the financial statements of the ultimate parent company, Royal Mail plc (the Company).

Statement of changes in equity

For the 52 weeks ended 27 March 2016 and 52 weeks ended 29 March 2015

	Share capital £m	Retained earnings £m	Total equity £m
At 30 March 2014	10	1,577	1,587
Profit for the year	-	207	207
Investment in subsidiary	-	168	168
Dividend paid	-	(200)	(200)
At 29 March 2015	10	1,752	1,762
Profit for the year	-	221	221
Investment in subsidiary	-	170	170
Dividend paid	-	(213)	(213)
At 27 March 2016	10	1,930	1,940

Balance sheet

At 27 March 2016 and 29 March 2015

Registered number: 08680755

	Notes	At 27 March 2016 £m	At 29 March 2015 £m
Non-current assets			
Investment in subsidiary	6	1,929	1,759
Total non-current assets		1,929	1,759
Current assets			
Trade and other receivables	7	409	375
Current liabilities			
Trade and other payables		(6)	(6)
Provisions	8	-	-
Net current assets		403	369
Interest-bearing loans and borrowings	9	(392)	(366)
Net assets		1,940	1,762
Equity			
Share capital	10	10	10
Retained earnings		1,930	1,752
Total equity		1,940	1,762

The balance sheet was approved and authorised for issue by the Board of Directors on 18 May 2016 and signed on its behalf by:

Matthew Lester
Chief Finance Officer

Royal Mail plc – parent Company

financial statements (continued)

1. Parent Company accounting policies

Accounting reference date

The financial reporting year ends on the last Sunday in March and accordingly, these financial statements are made up for 52 weeks ended 27 March 2016 (2014-15 52 weeks ended 29 March 2015).

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the year ended 27 March 2016 were authorised for issue by the board of Directors on 18 May 2016. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The amendments to FRS 101 (2013-14 Cycle) issued in July 2014 and effective immediately have been applied.

The Company has not presented its own income statement as permitted by section 408 of the Companies Act 2006. However, the results of the Company are presented in Note 4 of these financial statements.

Basis of preparation

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice (UK GAAP) for all periods presented. No material adjustments arose within the Company as a result of this transition. The accounting policies which follow, set out those policies which apply in preparing the financial statements for the reporting year ended 27 March 2016.

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

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (f) the requirements of IAS 7 Statement of Cash Flows;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

No cash flow statement has been presented as the Company has presented a consolidated cash flow statement within its Group financial statements.

The consolidated accounts for the Group will continue to be prepared under full IFRS. The Board considers that it is in the best interests of the Group for Royal Mail plc to continue to adopt FRS 101 'Reduced Disclosure Framework' for the foreseeable future. However, a shareholder or shareholders holding in aggregate five per cent or more of the total allotted shares in Royal Mail plc may serve objections to the use of the disclosure exemptions on Royal Mail plc, in writing, to its registered office (100 Victoria Embankment, London, EC4Y 0HQ) and, if so received, Royal Mail plc may not continue to use these disclosure exemptions.

Accounting standards issued but not yet applied

Following the Company's adoption of FRS 101 in the reporting year, no new UK Accounting Standards, which affect the presentation of these financial statements, have been issued.

Changes in accounting policy

The accounting policies are consistent with those of the previous year other than where there has been a consequential change resulting from the transition to FRS 101.

Key sources of estimation uncertainty and critical accounting judgements

Due to the relatively straightforward nature of the Company and its activities, it is Management's view that there are no significant estimates or accounting judgements applied in the preparation of these financial statements.

Investment in subsidiary

The investment in subsidiary is stated at cost plus deemed capital contributions arising from share-based payment transactions, less any accumulated impairment losses.

Trade receivables

Trade receivables are recognised with an allowance for any non-collectable amounts, including where collection is no longer probable.

Royal Mail plc – parent Company financial statements (continued)

2. Directors' remuneration

The Directors of the Company are not paid any fees by the Company for their services as Directors of the Company. The Directors are paid fees by other companies of the Group. This remuneration is disclosed in the Group consolidated financial statements.

3. Auditor's remuneration

The auditor of the Company is not paid fees by the Company. The auditor of the Company is paid fees by other companies of the Group. This remuneration is disclosed in the Group financial statements (see Note 3).

4. Income statement

The Company is a non-trading company. The profit for the year of £221 million (2014-15 £207 million) is primarily the net sum of; the £219 million dividends received from Royal Mail Group Limited; management charges to and from Royal Mail Group Limited; and net interest on the €500 million Bond and intercompany balances.

5. Taxation

There is no tax charge/credit for the year.

6. Investment in subsidiary

	At 27 March 2016 £m	At 29 March 2015 £m
At 30 March 2015 and 31 March 2014	1,759	1,591
Investment in subsidiary – charge for Employee Free Shares/LTIP/SAYE ¹	170	168
At 27 March 2016 and 29 March 2015	1,929	1,759

¹ Excludes £7 million (2014-15 £7 million) associated National Insurance costs

7. Trade and other receivables

This balance mainly consists of an intercompany loan to Royal Mail Group Limited amounting to the proceeds from the issue of the €500 million bond (see Note 9).

8. Provisions

In relation to the transfer of Royal Mail Group Limited to the Company in 2013-14, a provision of less than £1 million remains.

9. Interest-bearing loans and borrowings

In July 2014 the Company issued €500 million 2.375 per cent Senior Fixed Rate Notes due July 2024 with a fixed annual interest coupon of 2.375 per cent. The proceeds raised were loaned to Royal Mail Group Limited.

10. Share capital

	At 27 March 2016 £m	At 29 March 2015 £m
Authorised and issued		
1,000,000,000 ordinary shares of £0.01 each	10	10
Total	10	10

Of the issued ordinary shares, a total of 27,042 (2014-15 40,935) are held by an Employee Benefit Trustee (EBT) administered by Sanne Fiduciary Services Limited. These shares are treated as treasury shares for accounting purposes in accordance with IAS 32 'Financial Instruments: Presentation'. The Company, however, does not hold any shares in treasury.

The EBT is funded by the Company and has been treated as an extension of the Company for accounting purposes within these financial statements.