

Registered Number 05769398

Royal Mail Innovations Limited
Annual Report and Financial Statements
For the 52 weeks ended 26 March 2017

THURSDAY



A6FXQA20

A40

28/09/2017

#185

COMPANIES HOUSE

Royal Mail Innovations Limited

Contents

Directors' report	2
Independent Auditor's Report to the members of Royal Mail Innovations Limited	4
Income statement	5
Statement of comprehensive income	5
Statement of changes in equity	5
Balance sheet	6
Notes to the financial statements	7

Royal Mail Innovations Limited

Directors' report

The Directors present the Annual Report and Financial Statements for Royal Mail Innovations Limited (the Company). These financial statements relate to the 52 weeks ended 26 March 2017 (2015-16: 52 weeks ended 27 March 2016).

Directors and their interests

The following have served as Directors of the Company during the year ended 26 March 2017 and up to the date of approval of these financial statements unless otherwise specified:

James Conning

Kulbinder Dosanjh

Resigned 11 August 2016

Mick Jeavons

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

Principal activities

The Company was established to manage the development of specific Royal Mail Group (RMG) products and services. The Company's recent principal activity related to the development of a credit checking and identity protection service.

Results and dividends

The loss for the period after tax was £1,483,000 (2015-16: £nil). The Directors do not recommend a dividend (2015-16: £nil).

Review of the business and future developments

In December 2016, the Company, previously dormant, began to incur costs in relation to the development and trialling of a credit checking and identity protection service.

In May 2017, after the balance sheet date, the decision was taken to cease development of this service, following internal trialling and market research.

On completion of the financial accounting for all aspects of the credit checking and identity protection service, the Company will be retained in RMG.

Key Performance Indicators (KPIs)

Given that the service was in the trial phase for only part of the accounting period and never offered to the general public, the Directors do not consider it necessary to disclose KPIs.

Principal risks and uncertainties

The principal risk faced by the Company was the successful development of the credit checking and identity protection service, which was the Company's sole activity during the reporting period.

Development of this service has now ceased.

Corporate responsibility

The Company is committed to carrying out its activities in a socially responsible manner in respect of the environment, customers and local communities. The Board of the ultimate parent company, Royal Mail plc, publishes details of its activities in its Annual Report and Financial Statements.

Research and development

Expenditure in the period amounted to £nil (2015-16: £nil).

Political donations

There were no political donations made in the period (2015-16: £nil).

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Royal Mail Innovations Limited

Directors' report (continued)

Indemnity of Directors

To the extent permitted by the Companies Act 2006, the Company may indemnify any Director or former Director of the Company or any associated company against any liability. The ultimate parent undertaking, Royal Mail plc holds a Directors' and Officers' liability insurance policy covering the Directors and Officers or former Directors of its subsidiary undertakings against any liability.

Cautionary statement regarding forward-looking information

Where this review contains forward looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this Report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of important factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

Going concern

The Company had net liabilities of £1,483,000 at 26 March 2017 (2015-16: £1) and is funded by a loan between the Company and its parent company, Royal Mail Group Limited. The Directors have received a commitment of financial support from its immediate parent company, Royal Mail Group Limited, and therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

After analysis of all factors including those stated above, the Directors of Royal Mail Innovations Limited consider it appropriate to prepare the financial statements on a going concern basis.

Auditor

Following the decision by the Directors to begin development of the credit checking and identity protection service during the 2016-17 financial year, and in accordance with section 485(3)(b) of the Companies Act 2006, KPMG LLP were appointed by the Board as auditor in respect of the 2016-17 financial year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore KPMG LLP will continue in office.

Strategic report

The Directors have taken advantage of the small companies exemption from the requirement to prepare a Strategic report.

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 period. 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), including FRS 101 Reduced Disclosure Framework. 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

By order of the Board



Michael Jeavons

Director

Royal Mail Innovations Limited

Registered Number: 05769398

Registered Office: 100 Victoria Embankment, London, EC4Y 0HQ

20 September 2017

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

We have audited the financial statements of Royal Mail Innovations Limited for the period ended 26 March 2017 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 26 March 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter – Prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in this report; and
- in our opinion, this report has been prepared in accordance with the Companies Act 2006.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.



Ian Griffiths (Senior statutory auditor)
for and on behalf of KPMG LLP, Statutory auditor

Chartered accountants

15 Canada Square

Canary Wharf

London

E14 5GL

22 September 2017

Royal Mail Innovations Limited

Income statement

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

	Notes	52 weeks 2017 £000	Unaudited 52 weeks 2016 £000
Continuing operations			
Revenue		-	-
People costs	2	(149)	-
Other operating costs	4	(1,334)	-
Loss before tax		(1,483)	-
Tax charge	5	-	-
Loss for the period		(1,483)	-

Statement of comprehensive income

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

There is no comprehensive income other than the loss attributable to the Company of £1,483,000 (2015-16: No gain or loss).

Statement of changes in equity

for the 52 weeks ended 26 March 2017 and 52 weeks ended 27 March 2016

	Share capital £000	Retained earnings £000	Total Equity £000
At 27 March 2016 and 29 March 2015 (Unaudited)	-	-	-
Loss for the period	-	(1,483)	(1,483)
At 26 March 2017	-	(1,483)	(1,483)

Royal Mail Innovations Limited

Balance sheet

at 26 March 2017 and 27 March 2016

	Notes	2017 £000	Unaudited 2016 £000
Current liabilities			
Trade and other payables	6	(472)	-
Provisions	7	(1,011)	-
Net liabilities		(1,483)	-
Equity			
Share capital	8	-	-
Retained earnings		(1,483)	-
Total equity		(1,483)	-

The financial statements on pages 5 to 10 were approved by the Board of Directors on 20 September 2017 and were signed on its behalf by:



Michael Jeavons

Director

Royal Mail Innovations Limited

Registered Number: 05769398

Registered Office: 100 Victoria Embankment, London, EC4Y OHQ

20 September 2017

Royal Mail Innovations Limited

Notes to the financial statements

1. Accounting policies

The following accounting policies apply throughout Royal Mail Innovations Limited (the Company):

Accounting reference date

The financial period ends on the last Sunday in March and accordingly, these financial statements are prepared for the 52 weeks ended 26 March 2017 (2015-16: 52 weeks ended 27 March 2016).

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements for the period ended 26 March 2017 were authorised for issue by the Board of Directors on 20 September 2017. 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 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

Basis of preparation

The Company has transitioned to FRS 101 from Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) 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 period ended 26 March 2017.

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

- (a) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (c) the requirements of IAS 7 *Statement of Cash Flows*;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors* (information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- (e) the requirements of paragraph 17 and 18(a) of IAS 24 *Related Party Disclosures* (key management compensation and related party transaction amounts); and
- (f) 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.

Accounting standards issued but not yet applied

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 financial period 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 operations there are not believed to be any significant estimates or accounting judgements applied in the preparation of these financial statements.

Intercompany transactions

The Company makes 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 intercompany transactions recognise these dependencies and are reached through negotiation between the respective companies.

Trade payables

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax rate.

Royal Mail Innovations Limited

2. People costs and numbers

The Company meets the full costs of employment for its members of staff. The following information is provided about these people:

	52 weeks 2017 £000	52 weeks 2016 £000
Wages and salaries costs	(88)	-
Social security costs	(4)	-
Pension costs	(2)	-
Temporary resource costs	(55)	-
Total	(149)	-

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

	Period end employees		Average employees	
	52 weeks 2017	52 weeks 2016	52 weeks 2017	52 weeks 2016
Total	5	-	2	-

3. Directors' remuneration

The Directors are employees of other undertakings within the Royal Mail Group and did not perform substantive services for the Company during the year, therefore the Directors did not receive any remuneration from the Company during the year (2015-16: £nil).

There are no pension contributions to Directors in respect of qualifying services.

4. Other operating costs

Other operating costs of £1,334,000 (2015-16: £nil) mainly relate to ongoing contract costs with Callcredit, a partner in the development of the credit checking and identity protection service. This includes the recognition of £1,011,000 of future contract costs, including an £800,000 contract exit payment, as the contract was deemed to be onerous as at 26 March 2017.

Auditor's remuneration amounted to £6,000 (2015-16: £nil) for the audit of the statutory financial statements and was met by the immediate parent company, Royal Mail Group Limited. The auditor did not provide any non-audit services for the years ended 26 March 2017 and 27 March 2016.

Royal Mail Innovations Limited

5. Taxation

(a) Tax credit/(charge) recognised in the year

There is no current or deferred tax credit/(charge) arising during the period.

(b) Reconciliation of the total tax charge

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20% (2015-16: 20%). The differences are explained below:

	52 weeks 2017 £000	52 weeks 2016 £000
Loss on ordinary activities before tax	(1,483)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015-16: 20%)	297	-
Movement in deferred tax not recognised	(297)	-
Tax credit/(charge) in the income statement	-	-

(c) Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20 per cent to 19 per cent (effective from 1 April 2017) and to 17 per cent (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. In future, this will reduce the Company's current tax charge accordingly.

(d) Deferred tax

The company has no recognised deferred tax assets or liabilities.

The company has tax losses of £1,483,477 (2015-16: £nil) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

6. Trade and other payables

	At 26 March 2017 £000	At 27 March 2016 £000
Trade payables and accruals	(105)	-
Amounts owed to Group entities	(367)	-
Total	(472)	-

7. Provisions

	At 28 March 2016 £000	Provided in the period £000	At 26 March 2017 £000
Total	-	(1,011)	(1,011)

The provision of £1,011,000 at 26 March 2017 relates to an onerous contract in place at the year end with development partner Callcredit, which is due to be utilised within 2017-18.

8. Issued share capital

	At 26 March 2017 £	At 27 March 2016 £
Allotted and fully paid		
One ordinary share of £1	1	1
Total	1	1

Royal Mail Innovations Limited

9. Related party information

The Company has taken advantage of two of the exemptions conferred by FRS 101.8, 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; and disclosures relating to key management personnel compensation are not required.

10. Events after the balance sheet date

In May 2017, the decision was made to cease development of the credit checking and identity protection service. Following this decision, a payment of £800,000 was made to exit the development contract with development partner Callcredit, and the Company's employees were transferred to its parent company Royal Mail Group Limited.

11. Immediate and ultimate parent company

At 26 March 2017, the Directors regarded Royal Mail Group Limited as the immediate parent company and Royal Mail plc as the ultimate parent company. The results of the Company are included in the Royal Mail plc Annual Report and Financial Statements, which are available from the Company Secretary, 100 Victoria Embankment, London, EC4Y 0HQ or at www.royalmailgroup.com.