

CitySprint (UK) Limited

Report and Financial Statements

For the year ended 31 December 2010

Company registration number: 4327611

Registered No: 4327611

Directors

P A Gallagher (Chief Executive)

G A M Keenan

Secretary

G A M Keenan

Auditor

Baker Tilly UK Audit LLP

Lancaster House

7 Elmfield Road

Bromley

Kent

BR1 1LT

Bankers

The Royal Bank of Scotland PLC

280 Bishopgate

London

EC2M 4RB

Solicitors

Squire Sanders & Dempsey

25th Floor

Tower 42

25 Old Broad Street

London

EC2N 1HQ

Registered office

Ground Floor

RedCentral

60 High Street

Redhill

RH1 1SH

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010.

Results and dividends

The profit for the year, after taxation, amounted to £3,982,098 (2009 - £2,662,818). The directors do not recommend the payment of a dividend (2009 - £nil).

Principal activities

The group's principal activities during the year were the provision of courier services.

Review of the business and future developments

The Group's key financial and other performance indicators during the year were as follows:

	<i>2010</i>	<i>2009</i>	<i>Change</i>
	£	£	%
Turnover	61,065,419	51,998,090	17.44
EBITDA	7,314,346	5,204,099	40.55
Profit after tax	3,982,098	2,662,818	49.54
Shareholders' funds	9,829,979	5,847,881	68.10

The Group has enjoyed another successful year in 2010. Turnover increased by 17.44% during the year, primarily due to strong organic growth, assisted by two acquisitions. The directors expect the general level of activity to continue and that additional business will be won in the year. Focus will be placed on opportunities within the Medical and Retail sectors where the company has achieved strong growth in 2010. We anticipate that there may be scope for further acquisitions in 2011 as the market consolidates and to date the company has already completed two successful acquisitions.

The EBITDA for the year was £7.3m, an increase of 40.55 % on 2009, and this was achieved thanks to a concerted approach by the Board to improve its gross margins, and achieve cost savings which were available thanks to the investment in Information Technology which the Board has sanctioned over the past three years. Our staff have also made a very strong contribution to the performance of the business, and the Board has been delighted to reward staff accordingly where targets have been met.

The Company made a profit after tax of £4.0m, an increase of 49.54% on 2009, and has strong positive net assets.

The Company has adopted a number of environmentally friendly practices and aims to continue to extend and enhance these throughout the business. The Company is committed to ensuring the business activities of CitySprint and its clients take into consideration the impact on the environment and operates an ongoing review of all such activities. In this manner they can be developed and improved to support the company's environmental policy. The Company has now been accredited with the ISO: 14001:2004 - Environmental Management System (EMS) standard.

Directors' report

Principal risks and uncertainties

The principal risk and uncertainties facing the Group are broadly grouped as follows – competitive and financial risk and all these areas are reviewed on a regular basis.

- **Competitive risks**

The Group operates in a very competitive market and some of the contracts it has are subject to periodic competitive tender.

- **Financial risk**

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives. The objectives aim to ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Exposure to credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses and the Group runs an effective credit control operation and limits individual trade debtors to appropriate credit levels based on their financial strength.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation through its operations, applying cash collection targets throughout the Group. The Group also manages liquidity risk via the invoice discounting loan and fixed term loan arrangements in place.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Group's policy - wherever practicable - to provide continuing employment under normal terms and conditions. The Group would also aim to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Group has an ongoing policy of providing feedback to employees, not only on their individual performance, but on the performance of the business. To this end, the Chief Executive issues a regular newsletter.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of these terms and abide by the terms of payment. Trade creditors of the Group at 31 December 2010 were equivalent to 37 (2009 - 39) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Directors

The directors, who served during the year, were as follows:

A R Bernard (resigned 4th December 2010)
P A Gallagher
B H Haynes (resigned 4th December 2010)
G A M Keenan
J C Tyacke (resigned 4th December 2010)

Indemnity Insurance

Directors and officers indemnity insurance was in place throughout the year and at the date of approval of these financial statements

Directors' report

Auditor

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

Directors' statement as to disclosure of information to auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the group's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

G A M Keenan
Director

Statement of directors' responsibilities

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).

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 group and the company 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 judgments 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;
- 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of CitySprint (UK) Limited

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 23. 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 more fully explained in the Directors' Responsibilities Statement set out on page 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 31 December 2010 and of the group's 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 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 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.

ADRIAN HOLLANDS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley, Kent BR1 1LT
31 March 2011

Group profit and loss account

for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Turnover	2	61,065,419	51,998,090
Cost of sales		(38,055,868)	(31,980,854)
Gross profit		<u>23,009,551</u>	<u>20,017,236</u>
Administrative expenses		(18,926,352)	(17,055,282)
Operating profit	3	<u>4,083,199</u>	<u>2,961,954</u>
Operating profit comprises:			
EBITDA		7,314,346	5,204,099
Depreciation		(1,535,195)	(1,313,009)
Amortisation and impairment		(1,695,952)	(929,136)
Bank interest receivable		273	110
Interest payable and similar charges	6	(216,984)	(118,462)
Profit on ordinary activities before taxation		<u>3,866,488</u>	<u>2,843,602</u>
Taxation	7	115,610	(180,784)
Profit for the financial year	16	<u><u>3,982,098</u></u>	<u><u>2,662,818</u></u>

The operating profit for the year arises from the group's continuing operations.

Group statement of total recognised gains and losses

There are no recognised gains or losses other than those shown in the profit and loss account.

Group balance sheet

at 31 December 2010

Company registration number: 4327611

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Fixed assets			
Intangible assets	8	2,362,529	1,532,115
Tangible assets	9	3,158,383	3,085,283
		<u>5,520,912</u>	<u>4,617,398</u>
Current assets			
Debtors due within one year	11	11,474,618	9,216,110
Debtors due after one year	11	4,982,255	4,666,984
Cash at bank and in hand		384,331	489,281
		<u>16,841,204</u>	<u>14,372,375</u>
Creditors: amounts falling due within one year	12	(12,532,137)	(13,141,892)
Net current assets		<u>4,309,067</u>	<u>1,230,483</u>
Total assets less current liabilities		<u>9,829,979</u>	<u>5,847,881</u>
Creditors: amounts falling due after more than one year	13	–	–
Net assets		<u>9,829,979</u>	<u>5,847,881</u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Profit and loss account	16	9,329,979	5,347,881
Shareholders' funds	17	<u>9,829,979</u>	<u>5,847,881</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 31 March 2011 and are signed on its behalf by:

P A Gallagher
Director

Company balance sheet

at 31 December 2010

Company registration number: 4327611

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Fixed assets			
Intangible assets	8	2,362,529	1,532,115
Tangible assets	9	3,158,383	3,085,283
Investments	10	100	100
		<u>5,521,012</u>	<u>4,617,498</u>
Current assets			
Debtors due within one year	11	10,800,075	8,674,376
Debtors due after one year	11	4,982,255	5,781,369
Cash at bank and in hand		380,452	487,274
		<u>16,162,782</u>	<u>14,943,019</u>
Creditors: amounts falling due within one year	12	(11,952,596)	(12,438,076)
Net current assets		<u>4,210,186</u>	<u>2,504,943</u>
Total assets less current liabilities		<u>9,731,198</u>	<u>7,122,441</u>
Creditors: amounts falling due after more than one year	13	(195,461)	(1,529,741)
Net assets		<u>9,535,737</u>	<u>5,592,700</u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Profit and loss account	16	9,035,737	5,092,700
Shareholders' funds	17	<u>9,535,737</u>	<u>5,592,700</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 31 March 2011 and are signed on its behalf by:

P A Gallagher
Director

Notes to the financial statements

for the year ended 31 December 2010

1. Accounting policies

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of CitySprint (UK) Limited and its subsidiary undertakings drawn up to 31 December 2010. No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets excluding goodwill

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investment

The investment in subsidiaries is stated at cost. The carrying value is reviewed for impairment when events or changes in circumstances indicate it may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Short leasehold improvements	-	over the lease term
Computer equipment	-	4 years
Fixtures and fittings	-	5 years
Other equipment	-	5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

for the year ended 31 December 2010

1. Accounting policies (continued)

Finance costs

The finance cost, including loan issue costs, recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Deferred taxation

Deferred taxation 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 in the future.

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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The group makes contributions to the personal pension plans of certain employees. Contributions to such schemes are charged in the profit and loss account as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Invoice discounting facility

Trade debtors are subject to a factoring arrangement whereby an advance is received based upon and secured upon trade receivables.

Where the company has retained significant benefits and risks relating to the factored debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received are shown separately on the balance sheet. The interest element of the factor's charges is recognised as it accrues and is included in the profit and loss account with other interest charges.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the group's continuing activities. Turnover is recognised when the courier service is completed.

All turnover is derived in the United Kingdom.

Notes to the financial statements

for the year ended 31 December 2010

3. Operating profit

This is stated after charging/(crediting):

	<i>Year to 31 December 2010</i>	<i>Year to 31 December 2009</i>
	£	£
Auditor's remuneration - audit services	30,000	38,000
- Tax services	11,550	18,050
- Vat services	10,850	9,365
- other services	22,400	-
Depreciation of owned tangible fixed assets	1,535,195	1,313,009
Amortisation of intangible fixed assets	1,695,952	929,136
Operating lease rentals - other assets	965,018	946,308
- plant and machinery	474,554	205,496
Foreign currency transactions	(10,581)	14,366
	<u> </u>	<u> </u>

4. Directors' remuneration

	<i>Year to 31 December 2010</i>	<i>Year to 31 December 2009</i>
	£	£
Emoluments	617,657	392,083
	<u> </u>	<u> </u>
Company contributions to defined contribution pension schemes	17,490	15,900
	<u> </u>	<u> </u>

	<i>Year to 31 December 2010</i>	<i>Year to 31 December 2009</i>
	No.	No.
Members of the defined contribution scheme	1	1
	<u> </u>	<u> </u>

Amounts in respect of the highest paid director are as follows:

	<i>Year to 31 December 2010</i>	<i>Year to 31 December 2009</i>
	£	£
Emoluments	137,500	144,000
	<u> </u>	<u> </u>
Company contributions to defined contribution pension schemes	-	15,900
	<u> </u>	<u> </u>

Notes to the financial statements

for the year ended 31 December 2010

5. Employees

Staff costs (including directors) consist of: -

<i>Group</i>	<i>Year to 31 December 2010 £</i>	<i>Year to 31 December 2009 £</i>
Wages and salaries	9,651,928	9,440,537
Social security costs	967,227	952,753
Other pension costs	22,286	28,992
	<u>10,641,441</u>	<u>10,422,282</u>

The average monthly number of employees during the year was as follows:

	<i>Year to 31 December 2010 No.</i>	<i>Year to 31 December 2009 No.</i>
London operations	119	119
Regional operations	148	120
Management and administration	57	60
Sales and marketing	40	40
	<u>364</u>	<u>339</u>

6. Interest payable and similar charges

	<i>Year to 31 December 2010 £</i>	<i>Year to 31 December 2009 £</i>
Interest on bank loans wholly repayable within five years	216,984	118,462
	<u>216,984</u>	<u>118,462</u>

Notes to the financial statements

for the year ended 31 December 2010

7. Taxation

(a) Analysis of (credit)/charge in the year:

	<i>Year to</i> <i>31 December</i> <i>2010</i>	<i>Year to</i> <i>31 December</i> <i>2009</i>
	£	£
<i>Current tax</i>		
UK corporation tax on profits of year	292,390	349,262
Group relief payable	131,212	-
Adjustment in respect of previous year	(336,660)	(173,135)
Total current tax for the year (note 7(b))	<u>86,942</u>	<u>176,127</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	(202,552)	4,657
Total deferred tax for the year (note 7(c))	<u>(202,552)</u>	<u>4,657</u>
Total tax (credit)/charge for the year	<u>(115,610)</u>	<u>180,784</u>

(b) Factors affecting current tax (credit)/charge for the year:

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

	<i>Year to</i> <i>31 December</i> <i>2010</i>	<i>Year to</i> <i>31 December</i> <i>2009</i>
	£	£
Profit on ordinary activities before tax	3,866,488	2,843,602
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 – 28%)	<u>1,082,617</u>	<u>796,209</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	35,809	34,617
Depreciation in excess/(deficit) of capital allowances	45,638	(11,725)
Other timing differences	1,627	6,786
Group relief claim before payment	(869,801)	(467,131)
Payment for group relief	131,212	-
Utilisation of tax losses	-	(31)
Effect of lower rate tax	(3,500)	(9,463)
Adjustment in respect of previous year	(336,660)	(173,135)
Current tax charge for the year (note 7(a))	<u>86,942</u>	<u>176,127</u>

Notes to the financial statements

for the year ended 31 December 2010

7. Taxation

(c) Deferred taxation

Deferred tax recognised in the financial statements is as follows:

	<i>Year to 31 December 2010 £</i>	<i>Year to 31 December 2009 £</i>
Decelerated capital allowances	(200,925)	4,657
Other timing differences	(1,627)	-
Deferred tax (credit)/charge for the year (note 7(a))	<u>(202,552)</u>	<u>4,657</u>

Notes to the financial statements

for the year ended 31 December 2010

8. Intangible fixed assets

Group

	<i>Goodwill</i>
	£
Cost:	
At 1 January 2010	6,564,438
Additions	2,526,366
	<hr/>
At 31 December 2010	9,090,804
	<hr/>
Amortisation:	
At 1 January 2010	5,032,323
Charge for the year	1,695,952
	<hr/>
At 31 December 2010	6,728,275
	<hr/>
Net book value:	
At 31 December 2010	2,362,529
	<hr/> <hr/>
At 31 December 2009	1,532,115
	<hr/> <hr/>

Company

	<i>Goodwill</i>
	£
Cost:	
At 1 January 2010	6,190,038
Additions	2,526,366
	<hr/>
At 31 December 2010	8,716,404
	<hr/>
Amortisation:	
At 1 January 2010	4,657,923
Charge for the year	1,695,952
	<hr/>
At 31 December 2010	6,353,875
	<hr/>
Net book value:	
At 31 December 2010	2,362,529
	<hr/> <hr/>
At 31 December 2009	1,532,115
	<hr/> <hr/>

Additions to goodwill related to the acquisition of the customer list and certain other assets of two businesses during the year for a total consideration of £2,526,366 (2009: £476,989) of which £403,337 (2009: £291,155) has been deferred and is payable based upon future revenue targets. No tangible assets were acquired as a result of this acquisition and the balance is considered to be goodwill and is being amortised over 2 years. The business generated as a result was serviced by the company's existing operations as enhanced by additional resources where necessary.

Included within goodwill are costs of £4,244,394 (2009 - £4,033,885) that have been fully amortised. Goodwill of £1,314,548 (2009 - £1,314,548) is being amortised over 20 years. The rest of the goodwill is being amortised over its expected useful economic life of 2 years.

Notes to the financial statements

for the year ended 31 December 2010

9. Tangible fixed assets

<i>Group /Company</i>	<i>Short leasehold improvements</i>	<i>Computer equipment</i>	<i>Fixtures and fittings</i>	<i>Other equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2010	430,794	8,539,870	380,334	276,509	9,627,507
Additions	30,175	1,564,504	12,347	1,269	1,608,295
At 31 December 2010	460,969	10,104,374	392,681	277,778	11,235,802
Depreciation:					
At 1 January 2010	268,218	5,742,091	255,406	276,509	6,542,224
Charge for the year	64,837	1,428,649	41,624	85	1,535,195
At 31 December 2010	333,055	7,170,740	297,030	276,594	8,077,419
Net book value:					
At 31 December 2010	127,914	2,933,634	95,651	1,184	3,158,383
At 31 December 2009	162,576	2,797,779	124,928	–	3,085,283

10. Investments

<i>Company</i>	<i>Subsidiary undertakings</i>
	£
At 1 January 2010 and 31 December 2010	100

Details of the investments in which the group or company holds at least 20% of the nominal value of any class of share capital are as follows:

Subsidiary undertakings

Held by the company

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and class held</i>	<i>Nature of business</i>
CitySprint Shared Services Limited	Ordinary shares	100%	Courier Services

Notes to the financial statements

for the year ended 31 December 2010

11. Debtors

	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Due within one year:				
Trade debtors	10,353,337	9,755,093	8,400,193	7,937,698
Other debtors	408,405	332,106	125,462	46,223
Prepayments	712,876	712,876	690,455	690,455
	<u>11,474,618</u>	<u>10,800,075</u>	<u>9,216,110</u>	<u>8,674,376</u>
	<u><u>11,474,618</u></u>	<u><u>10,800,075</u></u>	<u><u>9,216,110</u></u>	<u><u>8,674,376</u></u>
	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Due after one year:				
Amounts due from parent undertakings	4,354,962	4,354,962	4,242,243	5,356,628
Deferred tax	627,293	627,293	424,741	424,741
	<u>4,982,255</u>	<u>4,982,255</u>	<u>4,666,984</u>	<u>5,781,369</u>
	<u><u>4,982,255</u></u>	<u><u>4,982,255</u></u>	<u><u>4,666,984</u></u>	<u><u>5,781,369</u></u>
Deferred tax asset due after one year:				
	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Decelerated capital allowances	597,881	597,881	396,956	396,956
Other timing differences	29,412	29,412	27,785	27,785
	<u>627,293</u>	<u>627,293</u>	<u>424,741</u>	<u>424,741</u>
	<u><u>627,293</u></u>	<u><u>627,293</u></u>	<u><u>424,741</u></u>	<u><u>424,741</u></u>

Notes to the financial statements

for the year ended 31 December 2010

Deferred taxation unrecognised in the financial statements is as follows:

	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Tax losses	-	-	4,271	4,271
	-	-	4,271	4,271

The group has a deferred tax asset of £nil (2009 - £4,271) and the company has a deferred tax asset of £nil (2009 £4,271) which have not been recognised in 2010 as they do not meet the recognition criteria of FRS19.

12. Creditors: amounts falling due within one year

	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Bank loans (note 14)	5,436,652	5,130,435	6,479,381	6,131,492
Trade creditors	2,297,177	2,051,992	2,575,239	2,278,629
Corporation tax	84,521	74,021	172,927	160,327
Other taxation and social security	2,461,538	2,461,538	1,955,950	1,955,950
Other creditors	1,586,827	1,569,188	1,403,248	1,356,531
Accruals	665,422	665,422	555,147	555,147
	12,532,137	11,952,596	13,141,892	12,438,076

13. Creditors: amounts falling due after more than one year

	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Amounts due to subsidiary undertaking	-	195,461	-	1,529,741
	-	195,461	-	1,529,741

Notes to the financial statements

for the year ended 31 December 2010

14. Bank loans

	<i>Group</i> 2010 £	<i>Company</i> 2010 £	<i>Group</i> 2009 £	<i>Company</i> 2009 £
Wholly repayable within one year:				
Receivables finance facility	5,436,652	5,130,435	6,479,381	6,131,492
	<u>5,436,652</u>	<u>5,130,435</u>	<u>6,479,381</u>	<u>6,131,492</u>

The group has a receivables finance facility with its bankers. The facility was incepted on the 24 November 2009 and amended on the 4th December 2010 and has a 6 month notice period. Drawdown up to a maximum of 85% of the value of the outstanding debtors is permitted, subject to a cap of £8,500,000. The drawdown against the outstanding debtors at 31 December 2010 is included within loans in creditors due within one year (note 12). Interest on the receivables finance facility is charged at 2.5% over the base rate of the lender. The Group has taken a base rate cap hedge which will incept when the base rate is 4% and this matures on 24 November 2012.

All of the above facilities are secured by a fixed and floating charge over the assets of the company and fellow group undertakings.

15. Share capital

	<i>2010</i> <i>No.</i>	<i>2010</i> £	<i>2009</i> <i>No.</i>	<i>2009</i> £
Allotted, called up and fully paid: Ordinary shares of £1 each	500,000	500,000	500,000	500,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	<i>2010</i> <i>No.</i>	<i>2010</i> £	<i>2009</i> <i>No.</i>	<i>2009</i> £
Equity shares	500,000	500,000	500,000	500,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

16. Statement of Movement on Reserves

Group

	<i>Profit and loss account</i> £
At 1 January 2010	5,347,881
Profit for the financial year	3,982,098
At 31 December 2010	<u>9,329,979</u>

Notes to the financial statements

for the year ended 31 December 2010

16. Statement of Movement on Reserves *(continued)*

Company

	<i>Profit and loss account £</i>
At 1 January 2010	5,092,700
Profit for the financial year	3,943,037
At 31 December 2010	<u>9,035,737</u>

17. Reconciliation of shareholders' funds

Group

	<i>2010 £</i>	<i>2009 £</i>
Profit for the financial year	3,982,098	2,662,818
Net increase in shareholders' funds	<u>3,982,098</u>	<u>2,662,818</u>
Opening shareholders' funds	5,847,881	3,185,063
Closing shareholders' funds	<u>9,829,979</u>	<u>5,847,881</u>

Company

	<i>2010 £</i>	<i>2009 £</i>
Profit for the financial year	3,943,037	2,540,219
Net increase in shareholders' funds	<u>3,943,037</u>	<u>2,540,219</u>
Opening shareholders' funds	5,592,700	3,052,481
Closing shareholders' funds	<u>9,535,737</u>	<u>5,592,700</u>

Notes to the financial statements

for the year ended 31 December 2010

18. Other financial commitments

As at 31 December 2010 the group had annual commitments under non-cancellable operating leases as follows:

<i>Group</i>	<i>Land and buildings 2010 £</i>	<i>Other equipment 2010 £</i>	<i>Land and buildings 2009 £</i>	<i>Other equipment 2009 £</i>
Operating leases which expire:				
within one year	77,400	76,683	48,297	75,457
between two and five years	743,908	373,490	881,384	187,302
more than five years	25,348	-	-	-
	<u>846,656</u>	<u>450,173</u>	<u>929,681</u>	<u>262,759</u>
<i>Company</i>	<i>Land and buildings 2010 £</i>	<i>Other equipment 2010 £</i>	<i>Land and buildings 2009 £</i>	<i>Other equipment 2009 £</i>
Operating leases which expire:				
within one year	77,400	76,683	48,297	75,457
between two and five years	743,908	373,490	881,384	187,302
more than five years	25,348	-	-	-
	<u>846,656</u>	<u>450,173</u>	<u>929,681</u>	<u>262,759</u>

The Group has contracted but not provided for capital expenditure of £622,500 (2009 - £516,672) to be incurred in 2011. The Company has contracted but not provided for capital expenditure of £622,500 (2009 - £516,672) to be incurred in 2011.

19. Contingent liabilities

The company has guaranteed the secured bank loans of the group. The maximum amount available under the facility is £18,625,000 (2009 - £22,500,000) and the amount outstanding at the balance sheet date was £10,136,652 (2009 - £12,779,381). Of this amount outstanding, £5,130,435 (2009 - £6,131,492) was outstanding within this company. The guarantee is secured by a fixed and floating charge over the assets of the company.

20. Retirement Benefits

The Group operates a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and amounted to £22,286 (2009 - £28,992). Contributions totalling £5,149 (2009 - £6,124) were payable to the fund at the year end and are included in creditors.

Notes to the financial statements

for the year ended 31 December 2010

21. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the CitySprint (UK) Group Limited group on the grounds that the company is wholly owned and its parent publishes publically available consolidated financial statements. The company has also taken advantage of this exemption in respect of companies which formed part of the Courier and Passenger Transport Group Limited group until the 4th December 2010 when they were sold.

22. Post balance sheet events

On the 24th March 2011, the Group's receivables finance facility was reduced to £5,000,000 and is now available for a period of up to 6 years. Interest is now charged at LIBOR plus 2.9%

23. Ultimate parent undertaking and controlling party

The immediate parent undertaking is The Courier and Passenger Transport Group Limited.

The directors consider the ultimate parent undertaking and controlling party to be CitySprint (UK) Group Limited.

Copies of the financial statements for CitySprint (UK) Group Limited, which is the parent undertaking of the largest group for which financial statements are prepared and of which the company is a member, can be obtained from Ground Floor, RedCentral, 60 High Street, Redhill, Surrey, RH1 1SH. The company is the parent undertaking of the smallest group of which it is a member.