

**Neopost International Supply Limited**

Report and financial statements  
for the year ended 31 January 2019.

Registered number: 4768193



# Neopost International Supply Limited

## Corporate Information

### **Directors**

J-F. Labadie (Chairman)

F. Neuburger

T. le Jaoudour

E. de Groot

### **Secretary**

D. Westlake

### **Auditor**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

### **Bank**

HSBC

69 Pall Mall

London

SW1Y 5EY

### **Solicitor**

Mills and Reeve

Francis House

112 Hills Road

Cambridge

CB2 1PH

### **Registered Office**

Here East

14 East Bay Lane

London

E15 2GW

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## Strategic Report

The directors present their strategic report which outlines the key issues which the directors consider to be significant in relation to the company's current and future activities.

### **Principal activities and business review**

#### *Development and performance of the business during the year*

The company forms part of a group headed by Neopost S.A., incorporated in France. The group is dedicated to a business focused on the mailroom market and seeks to maintain its worldwide market share by continuing to develop, manufacture and distribute innovative mailroom products.

The principal activity of the company is to act as the channel for the supply of mailroom equipment to other Neopost operating companies and dealers worldwide. The company also has operational responsibility for the US logistics centre in Memphis, Tennessee.

The directors regard the sales of the company as the key performance indicator. In the year the company generated €244,480,000 of sales, a decrease of 8% on the previous year.

Sales to North America were €113,965,000, a decrease of 7%. Of this decrease 3% was due to the weaker USD exchange rate and 4% was due to lower underlying turnover in USD driven by economic factors and the gradual reduction of global mail volumes noted below.

Sales to the United Kingdom were €16,318,000, essentially flat compared to the prior year. The underlying sales in GBP grew by 1% and this was offset by a 1% reduction in the strength of sterling compared to the euro.

Sales to other European Union countries were €78,725,000, a decrease of 5%. Demand from countries in the European Union continued to be impacted by economic factors causing equipment placements to fall.

Sales to the rest of the world were €35,472,000, a decrease of 21%. This was mainly due to a return to a more normal level of parcel locker activity in Japan compared to the very high activity in the prior year. The other markets showed a decrease of 7% demand compared to the prior year.

Global physical mail volumes have continued to decline as more businesses migrate from physical to digital communications. To counter this market evolution the company has sought to expand its product range to include parcel management hardware such as static parcel locker installations and custom fit parcel processing solutions.

#### *Position of the company at the end of the year*

At the end of the financial year the company continued to enjoy a stable financial position and remains a positive contributor to the overall group result both in terms of profitability and potential for dividend payments.

## Strategic Report (continued)

### *Principal risks and uncertainties affecting the company*

#### *(a) Postal authority regulations*

The production and marketing of services related to mailing machines are regulated by the postal authorities in the countries in which the company is active. The company's business may therefore be materially affected by changes in postal regulations. Developments in these regulations are monitored by the Neopost group postal compliance officer.

#### *(b) Competition*

Although the company believes that its competitive position in the mailroom equipment market is sustainable and that the industry framework is established by local postal regulations, it is possible that new competitors could break into the market for the supply of either products or services.

#### *(c) Technological developments and new markets*

The markets for the company's products and services are and will remain subject to rapid changes in technology, continual improvement of existing products and the frequent introduction of new products. The company's results and future financial position will depend in part on its ability to improve its products and services and to develop and produce new ones.

#### *(d) Currency risk*

The functional currency of the company is the euro. The company also transacts sales and purchases in various other currencies. Forward foreign currency contracts are in place with Neopost S.A. to enable the company to manage its foreign exchange risk and cash balances held by the company are regularly exchanged into euro with Neopost S.A.

### *Impact of Brexit*

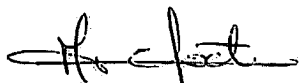
The directors have assessed the impact of a potential future exit of the United Kingdom from the European Union ('Brexit'). In the opinion of the directors such an event would create a short term need to hold a limited amount of additional safety stocks of certain products. Apart from this temporary impact the directors believe that the business of the company will be unaffected.

### *Future developments*

The Neopost group intends to continue to develop highly innovative mail management systems and to expand further in the fields of digital communication and parcel management. The directors recognise the need for continued focus on the product range and distribution capabilities of the company to support the ambition of the group.

Strategic Report (continued)

By order of the board

A handwritten signature in black ink, appearing to read 'E de Groot', written in a cursive style.

E de Groot  
Director

23 October 2019

## Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 January 2019.

### Directors

The directors of the company during the year and subsequently were:

J-F. Labadie (Chairman)

F. Neuburger

T. le Jaoudour

E. de Groot

### Results and dividends

The company made a profit after taxation of €14,793,000 (2018: €28,160,000) in the year.

On 17 January 2019 the company paid a dividend of €26,959,000 to the immediate parent company Neopost (Holdings) Limited.

### Events after the balance sheet date

There were no events after the balance sheet date that materially affected the company's financial performance or position.

### Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Directors' report (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 which 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.

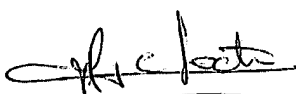
### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP will continue as auditor of the company.

By order of the Board,



E de Groote  
Director

29 October 2019



## **Independent auditor's report**

For the year ended 31 January 2019

### **Opinion**

We have audited the financial statements of Neopost International Supply Limited for the year ended 31 January 2019 which comprise the statement of other comprehensive income, the statement of changes in equity, the balance sheet and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 January 2019 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

## Independent auditor's report (continued)

For the year ended 31 January 2019

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.



Stuart Darrington (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

30 October 2019

**Statement of comprehensive income**  
For the year ended 31 January 2019

	Notes	2019 € 000	2018 € 000
<b>Turnover</b>	2	244,480	266,562
<b>Cost of sales</b>		(154,788)	(165,034)
<b>Gross profit</b>		89,692	101,528
<b>Other operating expenses</b>		(71,643)	(65,242)
<b>Operating profit</b>		18,049	36,286
<b>Interest receivable</b>	3	77	52
<b>Profit on ordinary activities before taxation</b>	4	18,126	36,338
<b>Tax on profit on ordinary activities</b>	6	(3,333)	(8,178)
<b>Profit on ordinary activities after taxation</b>		14,793	28,160
<b>Total comprehensive income for the year</b>		14,793	28,160

All operations are continuing.

The accompanying notes are an integral part of the financial statements.

**Statement of changes in equity**  
For the year ended 31 January 2019

	Share Capital € 000	Retained Earnings € 000	Total Equity € 000
<b>At 31 January 2017</b>	-	54,665	54,665
Comprehensive income for the year	-	28,160	28,160
Equity dividends paid	-	(26,859)	(26,859)
<b>At 31 January 2018</b>	-	55,966	55,966
Comprehensive income for the year	-	14,793	14,793
Equity dividends paid	-	(26,958)	(26,958)
<b>At 31 January 2019</b>	-	43,801	43,801

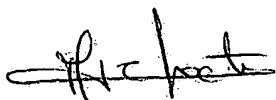
## Balance sheet

As at 31 January 2019

Registered number 4768193

	Notes	2019 € 000	2018 € 000
<b>Fixed assets</b>			
Tangible assets	7	999	1,388
<b>Current assets</b>			
Stocks	8	28,559	29,172
Debtors	9	62,898	77,284
Cash at bank and in hand		36	38
		<u>91,493</u>	<u>106,494</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(48,691)</u>	<u>(51,916)</u>
<b>Net current assets</b>		<u>42,802</u>	<u>54,578</u>
<b>Total assets less current liabilities</b>		<u>43,801</u>	<u>55,966</u>
<b>Net assets</b>		<u>43,801</u>	<u>55,966</u>
<b>Capital and reserves</b>			
Called-up share capital	11	-	-
Profit and loss account		43,801	55,966
<b>Equity shareholders' funds</b>		<u>43,801</u>	<u>55,966</u>

The financial statements on pages 10 to 22 were approved by the board of directors on 29 October 2019 and signed on its behalf by:



E de Groote  
Director

The accompanying notes are an integral part of the financial statements.

## Notes to the financial statements

### 1 Statement of accounting policies

#### Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Neopost International Supply Limited ('the Company') for the year ended 31 January 2019 were authorised by the board of directors on 29 October 2019 and the balance sheet was signed on the board's behalf by E. de Groot. Neopost International Supply Limited 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 company's financial statements are presented in euro and all values are rounded to the nearest thousand euro (€ 000) except when otherwise indicated.

The company is a wholly owned subsidiary of Neopost S.A. The results of Neopost International Supply Limited are included in the consolidated financial statements of Neopost S.A. which are available from Neopost S.A., 42-46 Avenue Aristide Briand, 92220 Bagneux, France.

The principal accounting policies adopted by the company are set out below.

#### Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2019.

The company has taken the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*, because the share based payment arrangement concern the instruments of another group entity;
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
- d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- e) the requirements of IAS 7 *Statement of Cash Flows*;
- f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- g) the requirements of paragraph 17 of IAS 24 *Related Party Transactions*;
- h) the requirements in IAS 24 *Related Party Transactions* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f), and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

## Notes to the financial statements (continued)

### 1 Statement of accounting policies (continued)

#### Basis of preparation (continued)

##### **New and amended standards and Interpretations**

A number of new and amended IFRS and IFRIC interpretations including IFRS 9 and IFRS 15 are mandatory and applicable to the company as of 1 February 2018 and have been adopted in the current year. The directors consider that none of them have a material impact on the company's financial statements.

##### **New and amended standards and interpretations issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

- IFRS 16 Leases (required for annual periods beginning on or after 1 January 2019)

Adoption of IFRS 16 could result in operating leases being recognised on the Statement of Financial Position of the company. The directors have not yet estimated the impact of this change.

The directors do not anticipate that the adoption of other standards and interpretations that are issued, but not yet effective, will have a material impact on the company's financial statements in the period of initial application.

The principal accounting policies are summarised below:

#### a) *Foreign currency translation*

The financial statements are presented in euro, which is also the functional currency of the company. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange 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 income statement.

## Notes to the financial statements (continued)

### 1 Statement of accounting policies (continued)

#### Basis of preparation (continued)

##### *b) Tangible fixed assets*

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Plant and equipment                      over 5 to 10 years.

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

##### *c) Impairment of non-financial assets*

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the income statement.

##### *d) Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition including purchase cost and attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.



## Notes to the financial statements (continued)

### 1 Statement of accounting policies (continued)

#### Basis of preparation (continued)

##### e) *Taxation*

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits, or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying value of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the income statement.

##### f) *Trade and other debtors*

Trade debtors, which generally have 30 to 90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through the income statement when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

## Notes to the financial statements (continued)

### 1 Statement of accounting policies (continued)

#### Basis of preparation (continued)

##### g) Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

##### Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from the estimates. The directors believe that there are no estimates or judgements that have a significant effect on the amounts recognised in the financial statements for the periods presented.

### 2 Turnover

In the opinion of the directors the supply of mailroom equipment is the sole class of business of the company.

	2019 € 000	2018 € 000
Turnover by geographical area:		
United Kingdom	16,318	16,354
North America	113,965	122,386
European Union	78,725	82,756
Rest of world	35,472	45,066
	<u>244,480</u>	<u>266,562</u>

### 3 Interest receivable

	2019 € 000	2018 € 000
Interest receivable from group companies	77	52
	<u>77</u>	<u>52</u>

## Notes to the financial statements (continued)

### 4 Profit on ordinary activities before taxation

This is stated after charging/(crediting):	2019 € 000	2018 € 000
Depreciation and amounts written off owned tangible fixed assets	575	1,551
Cost of stocks included in cost of sales	148,928	159,417
Foreign exchange loss/(gain)	1,543	(4,236)
Auditor's remuneration		
- Audit of the financial statements	55	61

### 5 Staff costs

The company does not have any employees. All persons working for the company are employed by the fellow group company Neopost Limited.

#### *Directors' remuneration:*

The directors of the company are engaged in the general management of group supply chain affairs and strategy and it is not practical to directly apportion a specific element of their remuneration to the management of the affairs of the company.

During the year a fee of €807,000 (2018: €347,000) was charged to the company by the fellow group company Neopost Industrie S.A. in relation to general and administrative services performed on behalf of the company.

## Notes to the financial statements (continued)

### 6 Taxation

	2019 € 000	2018 € 000
<b>Current tax</b>		
UK corporation tax	3,309	7,312
Adjustment in respect of previous periods	(16)	964
<b>Total current tax</b>	<u>3,293</u>	<u>8,276</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	40	(112)
Adjustment for tax rate change	-	14
<b>Total deferred tax</b>	<u>40</u>	<u>(98)</u>
<b>Total tax on profit on ordinary activities</b>	<u>3,333</u>	<u>8,178</u>

The following table reconciles the tax charge calculated at the standard rate upon the profit on ordinary activities before taxation to the total tax charged to the statement of comprehensive income. The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19.2%). The differences are reconciled below:

<b>Profit on ordinary activities before tax</b>	<u>18,126</u>	<u>36,338</u>
Tax on profit on ordinary activities at rate of 19% (2018: 19.2%)	3,444	6,965
Adjustment in respect of previous periods	(16)	964
Adjustment for tax rate change	-	14
Other	(95)	235
<b>Total tax on profit on ordinary activities</b>	<u>3,333</u>	<u>8,178</u>

### Change in corporation tax rate

The rate of corporation tax remained unchanged at 19%. A reduction to 17% effective 1 April 2020 was included in the Finance Act 2017 which was substantively enacted on 6 September 2017.

The deferred tax balances as at 31 January 2019 have been calculated at the above rates corresponding to the expected years of reversal.

## Notes to the financial statements (continued)

### 6 Taxation (continued)

#### Deferred tax

The deferred tax included in the balance sheet and statement of comprehensive income is as follows:

	Difference between depreciation and capital allowances
	€ 000
Deferred tax asset at 1 February 2018 (note 9)	372
Deferred tax credit recognised in comprehensive income	(40)
Deferred tax asset at 31 January 2019 (note 9)	<u>332</u>

### 7 Tangible fixed assets

The movement in the net book value of tangible fixed assets was as follows:

	Plant and equipment € 000
<b>Cost</b>	
At 1 February 2018	8,570
Additions	186
Disposals	(5,661)
At 31 January 2019	<u>3,095</u>
<b>Depreciation</b>	
At 1 February 2018	7,182
Charge	575
Disposals	(5,661)
At 31 January 2019	<u>2,096</u>
<b>Net book value</b>	
At 31 January 2018	<u>1,388</u>
At 31 January 2019	<u>999</u>

## Notes to the financial statements (continued)

### 8 Stocks

The following are included in the net book value of stocks:

	2019 € 000	2018 € 000
Finished goods and goods for resale	<u>28,559</u>	<u>29,172</u>

The replacement cost of stocks is not considered by the directors to be materially different from the balance sheet value.

### 9 Debtors

	2019 € 000	2018 € 000
Trade debtors	9,639	8,624
Amounts owed by ultimate parent undertaking	7,053	7,962
Amounts owed by other group undertakings	41,418	52,340
VAT recoverable	3,484	3,425
Prepayments and accrued income	972	1,163
Foreign exchange instruments	-	3,398
Deferred tax asset	332	372
	<u>62,898</u>	<u>77,284</u>

### 10 Creditors: Amounts falling due within one year

	2019 € 000	2018 € 000
Trade creditors	10,450	12,134
Amounts owed to other group undertakings	32,741	31,765
Corporation tax	1,870	5,027
Foreign exchange instruments	1,066	-
Accruals	2,564	2,990
	<u>48,691</u>	<u>51,916</u>

### 11 Called-up share capital

	2019 €	2018 €
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,346</u>	<u>1,346</u>
<i>Allotted, called-up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## Notes to the financial statements (continued)

### **12 Related party transactions**

As a wholly owned subsidiary of Neopost S.A., the company has taken the exemption available under FRS 101 from the requirements in IAS 24 – Related party disclosures, from disclosing transactions with other wholly owned members of the Neopost S.A. group. There are no other related party transactions.

#### *Terms and conditions of transactions with related parties*

Sales and purchases with fellow subsidiaries are made on an arm's length basis. Outstanding balances with fellow subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. The company has not provided or benefited from any guarantees for any related party receivables or payables.

### **13 Ultimate controlling party**

The immediate parent company is Neopost (Holdings) Limited, a company incorporated in England. The directors regard Neopost S.A., a company incorporated in France, as the ultimate parent company and the ultimate controlling party.

Neopost S.A. is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Neopost S.A., 42-46 Avenue Aristide Briand, 92220 Bagneux, France.