

Registered Number 06585175

Storefeeder Ltd
Annual Report and Financial Statements
For the 52 weeks ended 28 March 2021



Storefeeder Ltd

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Storefeeder Ltd

Directors' report

The Directors present the Annual Report and Financial Statements for Storefeeder Ltd (the Company). These financial statements relate to the 52 weeks ended 28 March 2021 (2019-20: 52 weeks ended 29 March 2020).

Directors and their interests

The following have served as Directors of the Company during the 52 weeks ended 28 March 2021 and up to the date of approval of these financial statements unless otherwise stated:

Brian Williamson
Alexander Lorke
Jayesh Patel

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

Principal activities

The Company's principal activity is the provision of commercial, digital and technical solutions and support for the multi-channel e-commerce industry, typically selling to SMEs and businesses in the postal and fulfilment markets. The Company also provides IT development and maintenance services to the Royal Mail Group.

Results and dividends

The profit for the period after tax was £1,943,000 (2019-20: £1,014,000). On 23 July 2021 the Directors declared an interim dividend of £1,500,000 (2019-20: £1,500,000 paid in December 2020), to be paid to the Company's parent company, Royal Mail Group Limited (RMG), in August 2021.

Review of the business and future developments

The Company is expected to continue its current business activities for the foreseeable future.

Through monitoring of key financial and quality of service indicators, the Directors consider the performance and position of the Company to be in line with expectations.

Key Performance Indicators (KPIs)

The Directors consider the following financial KPIs in monitoring the performance of the Company:

- Revenue; and
- Profit Before Tax.

Revenue has increased by £1,883,000 in the period (2019-20: £1,204,000), from £4,950,000 to £6,833,000, predominantly due to an increase in intercompany revenue from RMG. This is largely driven by a substantial increase in our revenue due to the Covid-19 impact as revenue grew with parcels growth - our main customer being RMG. Furthermore, external revenue sourced outside of RMG grew as more clients moved their businesses online to ensure sales throughout the lockdown periods.

As a result of the above, profit before tax has also increased by £1,035,000 from £1,012,000 to £2,047,000 (2019-20: increased by £398,000 from £614,000 to £1,026,000). The Directors are satisfied that the Company has met its expectations with respect to the KPIs this reporting period.

Principal risk and uncertainties

The principal risk faced by the Company is the continuing successful performance and development of computer software. This risk is mitigated by the Directors closely monitoring the performance and allocation of resources within the Company.

Risk arising from UK exit from the European Union (EU)

The Company continues to trade under the new arrangements and continues to monitor and evaluate any risks as they arise.

Risk from the impact of COVID-19

The Company has seen a positive trading outcome resulting from COVID-19, with revenue growing in line with parcels growth. Royal Mail Group Limited, the Company's parent company, is the Company's main customer. The Company therefore has a similar risk to its operations in respect of parcel volumes as its parent company and it will therefore closely monitor any impacts that the pandemic has on Royal Mail Group Limited.

Corporate Responsibility

The Company is committed to carrying out its activities in a socially responsible manner in respect of the environment, employees, 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

Research and development expenditure during the period amounted to £nil (2019-20: £nil).

Political donations

No political donations were made in the period (2019-20: £nil).

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Directors' report (continued)

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.

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 assets of £2,149,000 at 28 March 2021 (2019-20: £1,706,000). The Directors have reviewed the future outlook of the business and projected cash flows. The Company is expected to continue to trade profitably and have sufficient cash resources to continue to trade for at least 12 months from the signing of these accounts. The Company has considered severe but plausible downside scenarios including the loss of existing external customers however, since its parent company, RMG, accounts for a large proportion of the Company's revenue, and this relationship is expected to continue, the Company does not consider that any of these scenarios would impact on the Company's ability to continue trading. The accounts have thus been prepared on the going concern basis.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Employees

Our goal is to ensure that all employees are engaged and involved in the business and are aligned and equipped to meet business objectives. As part of our commitment to drive better service for customers we continue to focus on improving the quality of our leadership, professionalising key roles and achieving greater employee involvement in decision making. Training and development programmes have been put in place to support our ambition to create a high-performance customer-oriented sales culture. Underpinning all of this is a need for dignity at work, where everybody feels valued, is treated fairly and equally and with everyone playing a full part in helping the Company to achieve its goals.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Strategic report

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

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Directors' report (continued)

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 Company and of the profit or loss of the Company for that period. In preparing these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board



Alexander Lorke
Director

Storefeeder Ltd

Registered Number: 06585175

Registered Office: 185 Farringdon Road, London, EC1A 1AA

23 July 2021

Storefeeder Ltd

Independent Auditor's Report to the members of Storefeeder Limited

Opinion

We have audited the financial statements of Storefeeder Limited ("the Company") for the 52 week period ended 28 March 2021 which comprise the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 March 2021 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud, including the Company's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes;
- Considering remuneration incentive schemes and performance targets; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the low value, high volume nature of transactions reduces the opportunities for fraudulent activity. We did not identify any additional fraud risks.

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Independent Auditor's Report to the members of Storefeeder Limited (continued)

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account combinations and unusual journals posted to cash and borrowing accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the Directors and other Management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other Management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety, anti-bribery and corruption, employment law, PCI compliance, money laundering, environmental protection, consumer rights act, misrepresentation act, contract law, competition legislation and price fixing in recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other Management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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Independent Auditor's Report to the members of Storefeeder Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

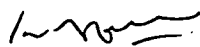
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
28 July 2021

Storefeeder Ltd

Income statement for the 52 weeks ended 28 March 2021 and 52 weeks ended 29 March 2020

	Notes	52 weeks 2021 £000	52 weeks 2020 £000
Continuing operations			
Revenue		6,833	4,950
People costs	2	(2,997)	(2,370)
Other operating costs	3	(1,776)	(1,554)
Profit before financing and tax		2,060	1,026
Finance costs	7	(13)	(14)
Profit before tax		2,047	1,012
Tax (charge)/credit	5	(104)	2
Profit for the period		1,943	1,014

Statement of comprehensive income for the 52 weeks ended 28 March 2021 and 52 weeks ended 29 March 2020

There is no comprehensive income other than the profit attributable to the Company of £1,943,000 (2019-20: £1,014,000).

Statement of changes in equity for the 52 weeks ended 28 March 2021 and 52 weeks ended 29 March 2020

	Notes	Share capital £000	Retained earnings £000	Total equity £000
Balance at 31 March 2019		1	1,191	1,192
Dividend paid		-	(500)	(500)
Profit for the period		-	1,014	1,014
Balance at 29 March 2020		1	1,705	1,706
Dividend paid	10	-	(1,500)	(1,500)
Profit for the period		-	1,943	1,943
Balance at 28 March 2021		1	2,148	2,149

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Balance sheet

At 28 March 2021 and 29 March 2020

Notes	At 28 March 2021 £000	At 29 March 2020 £000
Non-current assets		
6	597	671
5	6	6
	603	677
Current assets		
8	3,239	2,600
	84	61
	3,323	2,661
Total assets	3,926	3,338
Current liabilities		
9	(1,045)	(926)
7	(80)	(79)
5	(104)	-
	(1,229)	(1,005)
Non-current liabilities		
7	(548)	(627)
Total liabilities	(1,777)	(1,706)
Net assets	2,149	1,706
Equity		
11	1	1
	2,148	1,705
Total equity	2,149	1,706

The financial statements on pages 8 to 15 were approved by the Board of Directors on 23 July 2021 and signed on its behalf by:



Alexander Lorke
Director

Storefeeder Ltd
Registered Number: 06585175
Registered Office: 185 Farringdon Road, London, EC1A 1AA
23 July 2021

Storefeeder Ltd

Notes to the financial statements

1. Accounting policies

The following accounting policies apply throughout the Company:

Accounting reference date

The financial period ends on the last Sunday in March and accordingly, these financial statements are made up to the 52 weeks ended 28 March 2021 (2019-20: 52 weeks ended 29 March 2020).

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of the Company for the 52 weeks ended 28 March 2021 were authorised for issue by the board of Directors on 23 July 2021. 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 issued in March 2018 and effective from 1 January 2019 have been applied.

Basis of preparation

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the period ended 28 March 2021.

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

- (a) the requirements of IFRS 7 'Financial Instruments: Disclosures' ¹;
- (b) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities) ¹;
- (c) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding);
 - (e) 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';
 - (f) the requirements of IAS 7 'Statement of Cash Flows';
 - (g) the requirements of paragraphs 17 and 18(a) of IAS 24 'Related Party Disclosures' (details of key management compensation and related party transaction amounts);
 - (h) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
 - (i) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

¹ Exemption taken as equivalent disclosures are included in the consolidated financial statements of Royal Mail plc.

Changes in accounting standards

The accounting policies are consistent with those of the previous period except as stipulated below.

New and amended accounting standards adopted in 2020-21

Definition of Material (amendments to IAS 1 and IAS 8)

The new amendment clarifies the definition of material to align the conceptual framework with the standards. The Company does not consider the amendment to change the level of disclosures made in the Financial Statements.

Accounting standards issued but not yet applied

The following new and amended accounting standards are relevant to the Company and are in issue but were not effective at the balance sheet date:

IFRS 16 (Amended) - COVID-19 - Related Rent Concessions

IAS 37 (Amended) - Onerous Contracts - Cost of Fulfilling a Contract

IAS 16 (Amended) - Property, Plant and Equipment: Proceeds Before Intended Use

IFRS 3 (Amended) - Reference to Conceptual Framework

IAS 1 (Amended) - Classification of Liabilities as Current or Non-current

The Directors do not expect that the adoption of the amendments, interpretations and annual improvements listed above (which the Company does not expect to early adopt) will have a material impact on the financial performance or position of the Company in future periods.

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1. Accounting policies (continued)

Going concern

The Company has net current assets of £2,094,000 (2019-20: £1,656,000) and net assets of £2,149,000 (2019-20: £1,706,000). Following year end the Company has continued to trade profitably and had sufficient distributable reserves to pay a dividend of £1,500,000 to the Company's parent Royal Mail Group Limited.

The Directors have reviewed the future outlook of the business and projected cash flows. The Company is expected to continue to trade profitably and have sufficient cash resources to continue to trade for at least 12 months from the signing of these accounts. The Company has considered severe but plausible downside scenarios including the loss of existing external customers however, since its parent company, RMG, accounts for the largest proportion of the Company's revenue, and this relationship is expected continue, the Company does not consider that any of these scenarios would impact on the Company's ability to continue trading. The accounts have thus been prepared on the going concern basis.

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.

Revenue

Revenue represents the total invoice value, excluding value added tax, of sales made during the period and derives from the provision of services falling within the Company's ordinary activities. Contracted services and prepaid subscription fees that have not yet been rendered as at the balance sheet date are designated as advanced customer payments.

Leases

Under IFRS 16, the Company recognises a right of use asset and a lease liability at the lease commencement date for its leases.

The right of use asset is measured initially at cost and is subsequently adjusted for any accumulated depreciation, impairment losses or certain remeasurements of the lease liability. The right of use asset is depreciated over the life of the lease.

The lease liability is measured initially at the commencement date at the present value of future lease payments discounted at the 'incremental borrowing rate' (IBR). The lease liability is subsequently increased by the interest cost and decreased by payments made. The lease liability may also be remeasured where there are changes in future lease payments or changes in the assessment of future extension or termination options.

Income tax and deferred tax

The charge for current tax is based on the results for the reporting period as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are recognised for all taxable and deductible temporary differences and unused tax assets and losses except:

- Initial recognition of goodwill;
- The initial recognition of 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 and loss; and
- Taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which they can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and increased or reduced to the extent that it is probable that sufficient taxable profit will be available to allow them to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the tax asset is realised or the liability is settled, based on tax rates (and tax laws) that have been substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Current and deferred tax is charged or credited directly to equity if they relate to items that are credited or charged directly to equity, otherwise it is recognised in the income statement.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any non-collectable amounts. This allowance is calculated by first creating an allowance for identified trade receivables where collection of the full amount is no longer probable and then applying lifetime expected credit loss (ECL) rates to the unprovided balance. Bad debts are written off when identified.

Intercompany transactions

Balances receivable from other Royal Mail Group entities are repayable on demand and thus categorised as current.

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2. People costs and numbers

	52 weeks 2021 £000	52 weeks 2020 £000
Wages and salaries	(1,741)	(1,407)
Social security costs	(192)	(152)
Pension costs	(227)	(185)
Temporary resource	(837)	(626)
Total	(2,997)	(2,370)

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

	Year-end employees		Average employees	
	2021	2020	2021	2020
Total employees	45	38	40	36

3. Other operating costs

The operating profit from continuing operations is stated after charging the following:

	52 weeks 2021 £000	52 weeks 2020 £000
Depreciation of property, plant and equipment	(74)	(85)

Auditor's remuneration amounted to £10,000 (2019-20: £10,000) 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 52 weeks ended 28 March 2021 and 52 weeks ended 29 March 2020.

4. Directors' remuneration

	52 weeks 2021 £000	52 weeks 2020 £000
Short-term employee benefits	(137)	(137)
Total	(137)	(137)

The remuneration disclosure above relates to the one Director (2019-20: one) who was directly remunerated by the Company. This Director also received post-employment benefits of £10,000 (2019-20: £10,000).

The other Directors are employees of other undertakings within the Royal Mail Group and did not perform substantive services for the Company during the period, therefore the Directors did not receive any remuneration from the Company during the period (2019-20: £nil).

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5. Taxation

(a) Tax (charges)/credits recognised in the period

	52 weeks 2021 £000	52 weeks 2020 £000
Tax (charged)/ credited in the income statement		
Current income tax:		
Current UK income tax charge	(104)	-
Deferred income tax:		
Origination and reversal of temporary differences	-	2
Total deferred tax credit	-	2
Total tax (charge)/credit	(104)	2

(b) Reconciliation of the total tax (charge)/credit

The tax assessed for the period differs from the statutory rate of corporation tax in the UK of 19% (2019-20: 19%). An analysis of the charge (2019-20: credit) is given below:

	52 weeks 2021 £000	52 weeks 2020 £000
Profit before tax	2,047	1,012
At UK statutory rate of corporation tax of 19% (2019-20: 19%)	(389)	(192)
Expenses not deductible for tax purposes	-	(1)
Transfer pricing adjustment	(6)	(6)
Effect of Group relief surrendered from other companies	291	201
Total tax (charge)/credit	(104)	2

(c) Net deferred tax asset

	At 28 March 2021 £000	At 29 March 2020 £000
Deferred capital allowances	2	3
Pensions temporary differences	4	3
Total	6	6

The movement on deferred tax is shown below:

	£000
Deferred tax asset at 29 March 2020	6
Total deferred income tax credit	-
Deferred tax asset at 28 March 2021	6

(d) Factors that may affect future tax charges

Changes to UK corporation tax rate

The UK Government has announced that the corporation tax rate will rise to 25% from April 2023. This announcement had not been substantively enacted at the balance sheet date and therefore the effect of this planned change has not been reflected in the deferred tax balance. The impact of this change in rate, based on the current balance sheet position, would have led to an increase in the deferred tax asset of £2,000 with the tax credit recognised through the income statement.

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6. Right of use assets

	Land and Buildings £000
Cost	
At 29 March 2020	746
At 28 March 2021	746
Depreciation	
At 29 March 2020	75
Depreciation	74
At 28 March 2021	149
Net Book Value	
At 28 March 2021	597
At 29 March 2020	671

7. Leases

The lease liability is reported as follows in the balance sheet:

	At 28 March 2021	At 29 March 2020
	Present value of lease payments £000	Present value of lease payments £000
Lease liabilities		
Current liabilities		
Lease liabilities due within one year	(80)	(79)
Non-current liabilities		
Lease liabilities due between one and five years	(296)	(290)
Lease liabilities due beyond five years	(251)	(337)

Leases in the income statement

Leases are presented in the income statement as detailed below.

	52 weeks 2021 £000	52 weeks 2021 £000
Depreciation and impairment losses		
Depreciation of right-of-use assets	(74)	(75)
Net finance costs		
Interest expense on lease liabilities	(13)	(14)

Cash paid in the period in respect of the capital element of lease contracts amounted to £91,000 (2019-20: £54,000).

8. Trade and other receivables

	At 28 March 2021 £000	At 29 March 2020 £000
Trade receivables	11	10
Amount owed by parent company	3,228	2,590
Total	3,239	2,600

Storefeeder Ltd

9. Trade and other payables

	At 28 March 2021 £000	At 29 March 2020 £000
Trade payables and accruals	(934)	(843)
Advance customer payments	(61)	(44)
Other taxes and social security	(50)	(39)
Total	(1,045)	(926)

10. Dividends

	52 weeks 2021	52 weeks 2020	52 weeks 2021	52 weeks 2020
Dividends on ordinary shares	pence per share	pence per share	£000	£000
Interim dividend December 2019	-	50,000	-	500
Interim dividend December 2020	150,000	-	1,500	-
Total dividends paid	150,000	50,000	1,500	500

11. Issued share capital

	At 28 March 2021 £	At 29 March 2020 £
Authorised and issued		
1,000 ordinary shares of £1 each	1,000	1,000
Total	1,000	1,000

12. Related party disclosures

The Company has taken advantage of one of the exemptions conferred by FRS 101.8 whereby certain details regarding transactions with 100 per cent 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.

The sales to and purchases from related parties are made at normal market prices. Any balances outstanding at the period end are unsecured, interest free and settlement is made by cash.

13. Events after the reporting period

On 23 July 2021 the Directors declared an interim dividend of £1,500,000 to the Company's parent company, Royal Mail Group Limited.

14. Immediate and ultimate parent company

At 28 March 2021, 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, 185 Farringdon Road, London, EC1A 1AA.