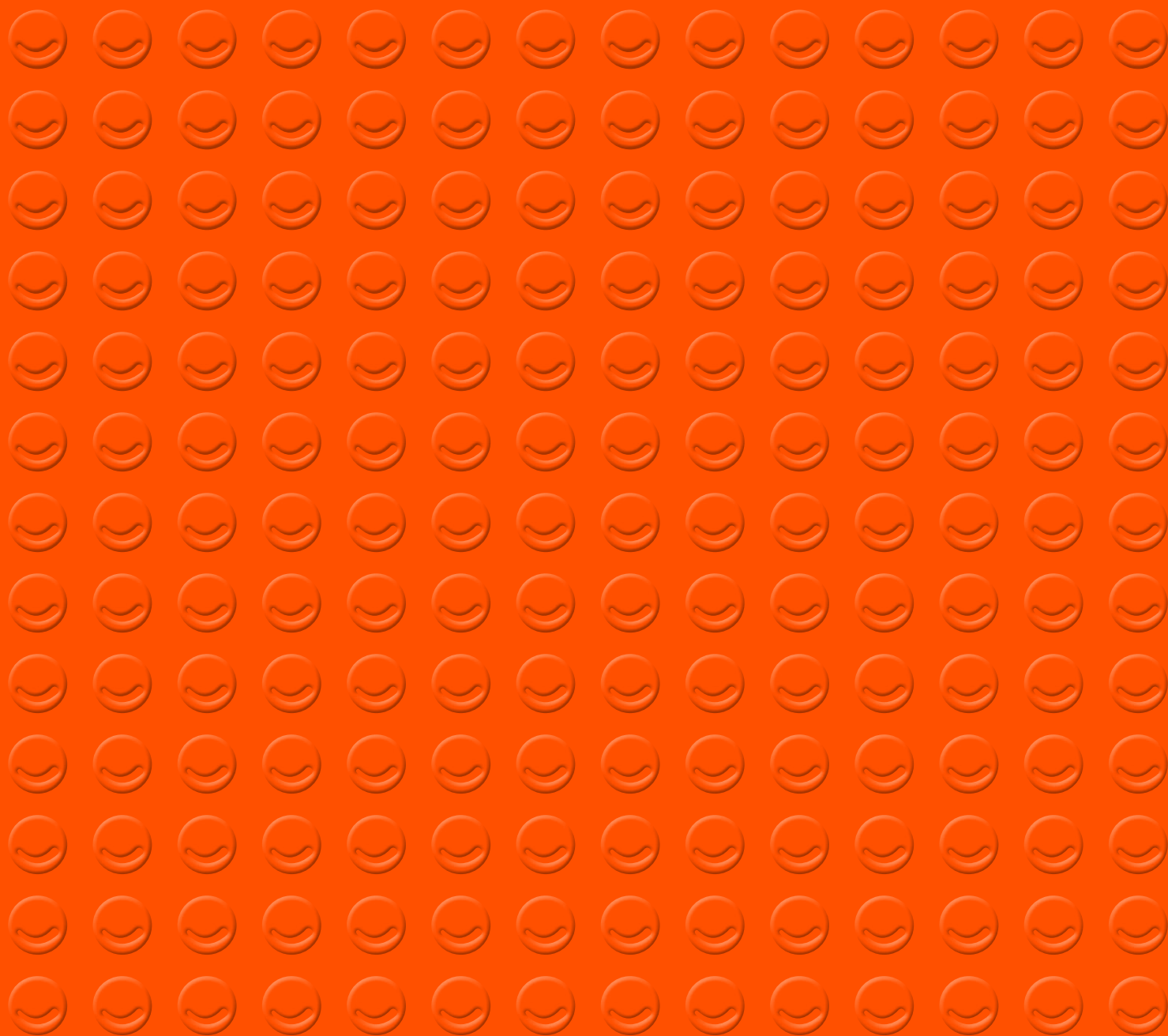


**Whistl Limited**  
ANNUAL REPORT  
2016





# Financial Highlights

## Turnover

£592<sub>m</sub>

**Whistl is a delivery management company with core activities in Downstream Access Mail, Doordrop Media and Parcels.**

## Gross margin\*

4% increase



## Net cash

59% increase



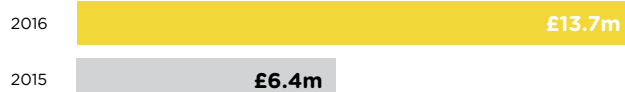
## Administrative expenses\*

11% decrease



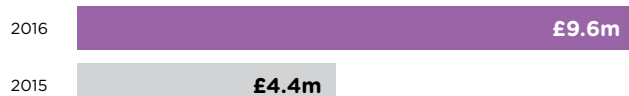
## Net assets

114% increase



## Operating profit\*

118% growth



## Capital expenditure

43% increase



\* Excludes impact of E2E final mile activities and exceptional items

# Operational Highlights

£9.6m

OPERATING PROFIT

£13.6m

EBITDA



£8.7m

OPERATING FREE  
CASHFLOW

OUR THREE GROWTH AREAS  
LIVED UP TO THEIR NAME



**DOORDROP MEDIA**  
INCREASED REVENUE BY 20%



**PARCELS**  
VOLUMES GREW 9%



**INTERNATIONAL**  
TRAFFIC GREW 30%



£4M INVESTED  
IN NETWORK/FLEET  
AND INFRASTRUCTURE



HIGHEST CUSTOMER RECOMMENDATION  
SCORES ACHIEVED IN ANNUAL SURVEY

34 NPS SCORE  
84% CUSTOMER SATISFACTION



CORE DOWNSTREAM ACCESS MAIL  
BUSINESS CONTINUED ITS IMPRESSIVE  
RECORD OF CUSTOMER RETENTION  
WITH A STRONG EMPHASIS ON PROCESS  
OPTIMISATION, PRODUCT INNOVATION  
AND COST-EFFICIENCY.

WHISTL PROCESSED 51.6% OF  
UK DOWNSTREAM ACCESS VOLUMES.

## THE LARGEST DEDICATED DOWNSTREAM ACCESS MAIL NETWORK IN THE UK



7  
REGIONAL  
DEPOTS  
provide daily handover  
to all Royal Mail centres



24  
HOUR  
6 day a week operation -  
increasing to 7 days  
a week at peak



Spare capacity maintained  
to support volume spikes -  
ability to flex from  
5m to 25m items



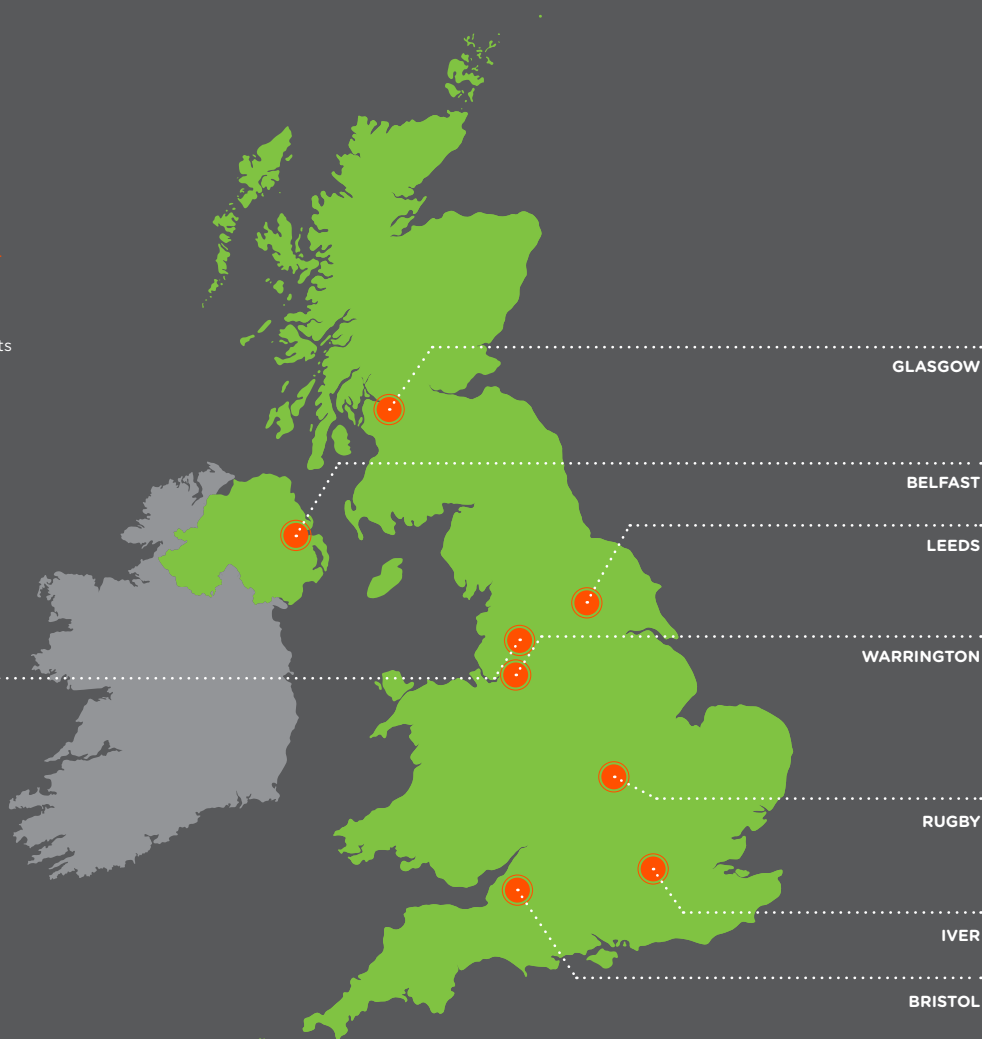
Protection  
also from  
ecommerce spikes



Facility to process  
pre-sorted and  
unsorted Mailmark  
items since 2014

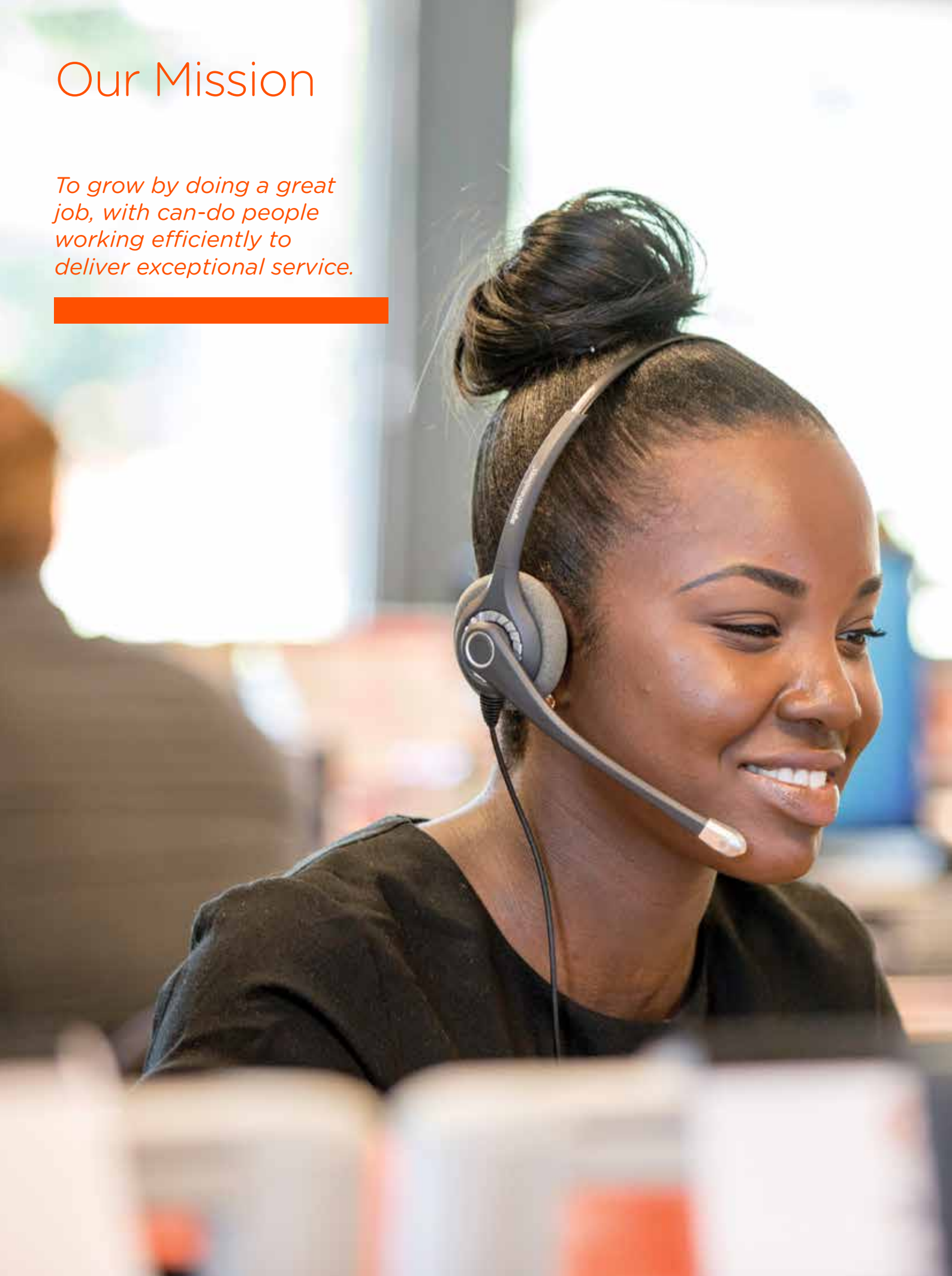

### NEW BOLTON DEPOT

**Opens in July 2017**  
With greater capacity than  
Leeds and Warrington depots  
(both closing) combined



# Our Mission

*To grow by doing a great job, with can-do people working efficiently to deliver exceptional service.*



# Our Promise



## Quality first

Reliability, dependability and a quality service – central to everything we do for you.



## Easy to work with

We work hard at making sure it's easy for you to use us, to get hold of us and to get on with us.



## Thinking of you

Before we think, speak or act, we put ourselves in your shoes and do what's right for you and your business.



## The human touch

Expect happy and helpful, willing and able. Can-do is in our DNA.



## The right thing

We're open and honest, straight and clear – doing the right thing.

---

## Living up to Our Promise

72%

of customers agreed we provide a reliable, dependable quality service.

73%

of customers agreed it's easy to use us and to reach us when they need to.

60%

of customers agreed we see things from their perspective and do the right thing for their business.

78%

of customers agreed we are friendly and helpful, and have a can-do attitude.

71%

of customers agreed we are straightforward, open and honest.

84%

of customers were satisfied or very satisfied doing business with us.

*Source: Whistl Annual customer survey 2016*

# Highlights for the year ended 31 December 2016

	2016 £'000	2015 £'000
Turnover	<b>591,713</b>	605,596
Gross profit*	<b>38,931</b>	37,290
Administrative expenses*	<b>29,393</b>	32,893
Underlying operating profit*	<b>9,538</b>	4,397
Underlying EBITDA*	<b>13,641</b>	9,222
End to End final mile – Cost of sales	-	(2,004)
End to End final mile – Administrative expenses	-	(18,477)
End to End final mile – Operating loss	-	(20,481)
Other exceptional costs	-	(2,383)
Group Operating profit / (loss) – Statutory basis	<b>9,538</b>	(18,467)
Underlying gross margin percentage*	<b>6.6%</b>	6.2%
Underlying operating profit percentage*	<b>1.6%</b>	0.7%
Net assets	<b>13,749</b>	6,432
Cash at bank and in hand	<b>22,903</b>	14,414
Net cash generated from operating activities	<b>12,733</b>	(446)
Capital expenditure	<b>4,039</b>	2,815
Operating free cashflow	<b>8,694</b>	(3,261)

\* Excludes impact of E2E final mile delivery service and exceptional items.



- 
- *The principal highlight of the year under review was a £28m improvement in Group profitability, compared to 2015, which saw the closure of our Final Mile delivery activities*
  - *We saw great progress in all three areas of growth within the business. Parcels experienced an 8.6% increase in volume; Doordrop Media grew by 19.7% and international volume grew by 30.2%.*
  - *The satisfying improvement in underlying operating profit was driven by a solid performance in Mail, the three growth areas, together with efficient, high quality operational delivery and keenly focused cost management*
  - *We are in a strong financial position with net assets rising from £6.4m to £13.7m, including cash reserves increasing to £22.9m from £14.4m in 2015. There was an increase of £13.2m in net cash generated from operating activities, compared to last year*
  - *We have a substantial, fully committed, four-year bank facility of £65m that remains unutilised over the two previous financial years*
  - *We increased capital expenditure by 43.5% over last year, showing continued investment in business efficiency including in IT, operational infrastructure and back office systems to support growth in Parcels, International services and Doordrop Media.*

# CEO Business Review



**Nick Wells**  
Chief Executive Officer

Whistl is a delivery management company providing excellent service, cost efficiently, with a human touch. Our principal activities are the management of Downstream Access Mail delivery, Doordrop Media and Parcels. The company operates in the UK and across international markets. In October 2015, the management team undertook a management buyout (MBO) of Whistl from PostNL N.V. with the original parent company retaining a 17.5% stake in the business.

Since the MBO, our strategy at Whistl has been underpinned by our core Downstream Access infrastructure and experience, and is supplemented with growth strategies for our Doordrop Media business and Parcels offering, both in the UK and internationally.

## OUR MARKETS

### Downstream Access Mail

Bulk mail is our core business area, which comprises a portfolio of collection and sortation services, with onward delivery via Royal Mail (known as Downstream Access or DSA) and DSA accounts for 58% of the total letters market.

Whistl's share of the Downstream Access Mail volumes in 2016 was over 50% and we remain the key competitor to Royal Mail Retail. The ability to deliver real value continues to be important in a highly competitive market. By focusing on excellent account management and consistent quality of service, we have retained all key strategic customers in 2016, alongside delivering significant new client wins.

Although overall mail volumes in the UK remain under pressure, Downstream Access Mail volumes have remained remarkably stable since 2011. There are, however, still an annual five billion items which do not go through Downstream Access which presents an opportunity for Whistl.

The main market factors that influence the growth or decline of mail volumes include: e-substitution (which is the main driver for decline of transactional mail volumes, such as invoices and statements); GDP growth (traditionally a driver for advertising mail growth); and Royal Mail price rises.

### Doordrop Media

Doordrop Media focuses on targeting, distribution and sampling services and we continue to be market leader in this sector. It remains an important marketing medium, particularly for the financial sector, charities, retailers and ecommerce companies.

Doordrop Media remains one of the most effective customer acquisition channels for marketers. Our Doordrop Media business has outperformed the market and increased its share of Royal Mail distribution volumes from 24.6% to 30.7% and it also saw an increase in revenue of 19.7% compared with 2015 revenues.

### Parcels

Within the Parcels market we continue to extend our service offering and this now includes next day tracked, business to business and 48-hour services. The UK parcel sector remains the main driver of growth in the delivery market with continued volume growth in 2016.

Whistl's Parcels business saw an 8.6% volume growth compared to 2015. Books were a key sector for new business growth and three of our top five new accounts are book wholesalers. Parcels remain a key part of our growth strategy in the UK and international markets and, with an excellent run rate of new business wins at the back end of 2016, we expect strong double digit growth in 2017.

### International

The volume of the international outbound Parcels market as a whole grew by 4.0% in the last year, however Whistl saw a 30.2% growth in international business during 2016 versus 2015.

As part of our international strategy to grow inbound and outbound mail and Parcels activities, we broadened our carrier network from one key supplier to multiple partners. In 2016 we converted one of our largest financial services customers to use our international services.

## Our customers

Strong customer relationships have been key to our business as we have evolved. We have a diverse customer base covering both the public and private sector and have a strong presence in financial services, utilities, telecoms, retail and ecommerce.

We are proud of our ability to sustain long term customer relationships. We secured a seven-year contract renewal, thought to be the longest in the history of the deregulated postal market. We also continue to win new customers, such as the first Northern Ireland Government postal contract which has enabled us to provide new employment opportunities for long term unemployed people and new apprenticeships in the area.

During 2016 we completed the integration of our Mail and Parcels sales teams, enabling the sharing of expertise, and strengthening further our Account Management capabilities.

By integrating our sales teams we are seeing greater success in cross selling to our customers in all areas from Downstream Access Mail, Doordrop Media and Parcels both in the UK and internationally.

This year we achieved our highest customer recommendation score in our annual customer survey. The survey measures Net Promoter Score (NPS) amongst many other performance indicators and has been running for seven years. This year we achieved a score of 34, considered to be excellent compared to our peer group.

## Investment and operational efficiency

Following the management buyout we have continued to invest in the business in order to support our growth plans, deliver operational efficiencies and benefits to our customers. We remain on a strong financial footing to enable investments in our growth areas of Parcels and International Services.

In 2016 we increased investment by 43.5%. In terms of our growth areas we invested in a new carrier management and intelligent routing systems for both domestic Parcels and our international requirements. To enable greater capacity for growth we doubled the size of our Belfast depot and, after the year end, we invested in a new super depot in Bolton delivering 30% greater warehouse capacity compared to our current depots.

We reviewed our truck and van fleet and current lease agreements and took on 100 new tractor units, all to euro6 standard, and 104 vans, saving 25.6% expenditure on the vans alone. For our operations, we invested in new material handling equipment (forklifts) improving efficiency and saving more than £1m over the next five years. We also reviewed our goods-in system and developed, and invested in, a new process, saving time and improving the process flow.

We maintained our investment in consumables and our IT systems overall. In 2016 this investment focused on re-developing our finance system and delivering a new business information tool both of which will help deliver a better customer experience.

Investment in time, to develop a clear and structured supplier management strategy, coupled with an overall focus on maximising efficiency across the business, has enabled us to make significant continued savings into 2017. Our review of transport has resulted in new lease agreements for vans and trucks, changes to our fuel buying strategy and our new approach to buildings leasing (for example moving head office) and accounted for a large proportion of these savings.

Operational efficiencies have been delivered as a result of both investment and savings, providing greater capacity, improved quality of service, and an overall lower cost, service offering. At the same time our next day handover quality for 2016 has increased, approaching 98.8% compared to 98.3% in 2015. We are also one of the few companies to have achieved accreditation of ISO9001 under the new 2015 framework.

## Product development

Mailmark (a 2D barcode that carries machine readable information on the user and mail piece) has been live for over three years, which means that the product has been tried, tested and is fully operational within all of our depots. Due to our early adoption and engagement with Royal Mail to make Mailmark a success, we were awarded 'Mailmark Enabled' accreditation.

Our Parcel services portfolio has expanded to include both tracked and untracked services using our multi carrier approach within the UK and as part of our international service expansion. We are also now in a position to integrate with most of the core ecommerce systems helping deliver a comprehensive offering to online retailers.

As part of our development within Doordrop Media we introduced 'idoordrop' our 360 degree approach, applying insight and data analytics to target households that fit specific geo-demographic profiles, aimed primarily at marketing and media agencies. The success of this development helped deliver the growth in revenue for Doordrop Media in 2016.



### Regulation

In 2016 Ofcom conducted a Fundamental Review of the Regulation of Royal Mail and in its provisional findings, found there were no significant changes needed to the regulatory landscape. The Review findings were confirmed in March 2017. The existing regulatory regime which provides mandated access to Royal Mail's network for letters and large letters and ensures a minimum price for Royal Mail's bulk mail prices will be extended to 2022.

In addition, Ofcom has published a provisional view that Royal Mail breached competition law by engaging in conduct that amounted to unlawful discrimination against postal operators competing with Royal Mail in delivery. A final decision is expected in 2017.

### Outlook

In our core Downstream Access Mail business, with a good track record of client renewals and wins, we expect volumes to remain stable. We have built upon our operational expertise in mail and transferred it into Parcels both in the UK and Internationally. With an integrated sales team and account management infrastructure in place, we are well positioned to deliver on our growth strategies in 2017.

Doordrop Media is expected to continue to outperform the market as the channel proves its value in a digital age. We remain committed to driving efficiency within all aspects of the business and, with our new super depot in Bolton coming on stream in April 2017, we will have the capacity to exploit our growth potential in the ecommerce sector.

We are a delivery management company that can exploit the growing ecommerce market because we have services that integrate across the whole ecommerce supply chain. We help generate traffic to a customer's website through use of Doordrop Media or Downstream Access Mail; we input at the transactional stage by offering tracking services; we work with partners to provide fulfilment; and, then end delivery to the consumer.

We are committed to be an efficient, high quality and competitively priced company in all of our markets.



**Nick Wells**  
CEO

10 March 2017



WE HAVE USED WHISTL FOR MAILINGS AND DOORDROPS SINCE 2004 - THEY ALWAYS DELIVER EXCELLENT SERVICE AND ARE VERY RESPONSIVE.

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**KEITH MARTIN**  
SKY

# CFO Financial Review



**Manoj Parmar**  
Chief Financial Officer

## Revenue

Segment	2016 £m	2015 £m	Change
Downstream			
Access Mail			
and Parcels	528.4	552.7	(4.4)%
Doordrop Media	63.3	52.9	19.7%
<b>Total Revenue</b>	<b>591.7</b>	<b>605.6</b>	<b>(2.3)%</b>

Group revenues of £591.7m (2015: £605.6m) reduced by 2.3%

## Financial position

Focus on profitable and cash generative core activities has put the Group in a strong financial position, with the resources to invest and grow. Net cash at the end of the year was £22.9m (2015: £14.4m) and net assets were £13.7m (2015: £6.4m).

Cash flow from operating activities was £12.7m (2015: (£0.4m)). The increase in cash flow compared to the prior year, was due to profitable trading in 2016 and the adverse impact from closure of Whistl's final mile delivery activities in 2015. The net increase in cash during the year was £8.5m.

In addition to cash at bank, the Group can draw on a £65m fully committed credit facility from Royal Bank of Scotland, for a further four years to support investment and working capital.

## Group structure

On 13 February 2017, Whistl NN1 Limited changed its name to Whistl Limited.

The Whistl Limited (formerly Whistl NN1 Limited) Group is comprised of ten companies. As at 31 December 2016 there are two main trading companies and eight holding or dormant companies. Whistl UK Limited is the trading entity of the Mail and Parcels business units and Whistl (Doordrop Media) Ltd is the trading entity of Doordrop Media. On 6 March 2016, the Group's trading structure was simplified when four companies transferred their entire business and assets into Whistl UK Limited at net book value, and subsequently became dormant.

The ultimate holding company of the Group, Whistl Group Holdings Limited, was incorporated on 16 September 2015 and was the vehicle used to execute the MBO.

## Operating profit

Segment	2016 £m	2016 %	2015 £m	2015 %	Change	Variance
	Operating profit	Operating margin	Operating profit	Operating margin	Operating profit	Operating margin
<b>Downstream Access Mail and Parcels</b>	<b>8.7</b>	<b>1.6%</b>	4.1	0.7%	112.2%	0.9%
<b>Doordrop Media</b>	<b>0.9</b>	<b>1.4%</b>	0.3	0.5%	200.0%	0.9%
<b>Underlying Operating Profit</b>	<b>9.6</b>	<b>1.6%</b>	4.4	0.7%	118.2%	0.9%

Mail revenues generated by Whistl's Downstream Access Mail and Parcels and International services reduced by 4.4% in 2016 to £528.4m (2015: £552.7m). This reduction included the impact of the closure of Whistl's final mile delivery activities in 2015 with the consequent loss of some mail volumes associated with the service, together with a change in the price and mix of processed volume. Revenue was also lowered by an increase in customers choosing to appoint Whistl as agent, rather than principal, which reduces revenue but has no impact on volume or profitability.

Revenues in the growth areas of Parcels and International services increased by 6.3% and 10.3% respectively, due to Whistl's investment in product development, including our tracked domestic and international broker solutions. Volumes for those services grew by 8.6% and 30.2% respectively.

Doordrop Media revenues grew by 19.7% to £63.3m (2015: £52.9m) due to the success of Whistl's idoordrop service. The revenue and volume has grown by offering customers and media agencies a 360° service from brief to evaluation that applies insight and data analytics to target households that fit specific geo-demographic profiles. Doordrop Media makes use of multiple delivery channels including Royal Mail and our own network of delivery agents to best match customers' needs at competitive prices.

Group operating profit before exceptional items increased by 118.2% to £9.6m and Group operating margin increased to 1.6% from 0.7%.

Whistl effectively and continuously manages its operating margins, which is essential as we manage third party delivery suppliers on behalf of our customers and pass through the delivery costs, which comprise a large part of the cost base. This is also a strength in our operating model as high, third party fixed costs, are variabilised for Whistl.

### Downstream Access Mail and Parcels

Operating profits from Downstream Access Mail grew by 112.2% to £8.7m predominantly due to improvements in operational efficiency and a strong focus on administrative costs. We have reduced operational costs while, at the same time, boosting quality by optimising the way we work through efficiency reviews and our procurement led supplier management programme. We will continue to make key investments in IT, depots and vehicles to ensure that we remain the lowest cost, highest quality operator in the market.

The 2015 closure of our final mile delivery activities required Whistl to streamline administrative and central costs through a combination of head count reduction and procurement led initiatives in operations, facilities and IT. Downstream Access administration expenses before exceptional items reduced by 12.4% compared to 2015.

Whistl manages delivery costs by the selection of suppliers and channels as well as the optimisation of mail piece weights, sortation and formats including our market leading early adoption of Royal Mail's Mailmark solution.

### Doordrop Media

Doordrop Media operating profit grew by 200.0% to £0.9m due mainly to revenue growth. Operating margin increased to 1.4% (2015: 0.5%) and also benefited from strong cost control within administrative expenses.

In 2015 Whistl incurred exceptional costs of £22.9m due to the operation and closure of the final mile delivery service and other restructuring and non-recurring costs of £2.4m. Whistl awaits the outcome of the competition investigation by Ofcom into Royal Mail's behaviour, that ultimately led to the closure of the final mile end to end activity.

Investment in fixed asset additions in relation to core business increased by 60.0% to £4.0m in 2016. Investment is targeted to develop the business in the growth areas of Parcels services, International services and Doordrop Media, to maintain leading operational quality and to improve

management information. Management information systems are critical in our business to optimise processes, manage risks and furnish customers with the information that they need.

Net assets increased by £7.3m to £13.7m (2015: £6.4m) due to the profit for the financial year.

Fixed assets relate to software, plant and equipment and other tangible fixed assets in use by the business in its day to day activities. Fixed assets have reduced by £0.5m due to depreciation and disposals exceeding new additions.

## Exceptional costs

	2016 £m	2015 £m
End to End final mile – Operating loss	-	(20.5)
Other exceptional costs	-	(2.4)
<b>Total exceptional income costs</b>	<b>-</b>	<b>(22.9)</b>

## Capital investment

Capital additions to fixed assets	2016 £m	2015 £m	Change %
Product development	<b>0.9</b>	0.4	125%
Operations	<b>1.6</b>	1.6	-
Back office & management information	<b>1.5</b>	0.5	200%
<b>Total core activities</b>	<b>4.0</b>	2.5	60%
Final Mile	-	0.3	(100)%
<b>Total capital additions</b>	<b>4.0</b>	<b>2.8</b>	<b>43%</b>

## Balance sheet

	2016 £m	2015 £m	Change £m
Fixed assets	<b>8.2</b>	8.7	(0.5)
Debtors	<b>77.0</b>	80.9	(3.9)
Cash at bank and in hand	<b>22.9</b>	14.4	8.5
Creditors: amounts falling due within one year	<b>(93.0)</b>	(95.0)	2.0
Provisions for liabilities	<b>(1.4)</b>	(2.6)	1.2
<b>Net assets</b>	<b>13.7</b>	6.4	7.3

## Cash flow

	2016 £m	2015 £m	Change £m
Net cash from operating activities	<b>12.7</b>	(0.4)	13.1
Taxation (paid)/ receipt	<b>(0.1)</b>	2.5	(2.6)
Net investment in fixed assets	<b>(3.6)</b>	(2.8)	(0.8)
Interest received	-	0.1	0.1
Net cash used in financing activities	<b>(0.6)</b>	(0.4)	(0.2)
<b>Net increase/ (decrease) in cash</b>	<b>8.5</b>	(1.1)	9.6



Effective working capital management is essential to the Group due to the high pass-through of third party distribution costs and is closely monitored by the Board of Management to manage credit exposure and liquidity risks. A major component of working capital relates to trade debtors. Debt turn, our key measure of cash collection, reduced from 31.3 days to 31.1 days from 2015 to 2016. Overdue debtors reduced from 16.5% to 12.7% of the ledger. We are continuously looking to improve our working capital management and this will remain a feature of the business going forward.

Provisions for liabilities of £1.4m (2015: £2.6m) relate to residual costs from the termination of certain operating leases.

Cash flow from operating activities was £12.7m (2015: (£0.4m)) and has improved in comparison to 2015 due to the closure of the final mile delivery activities in 2015 and cash generation from profitable trading in 2016.

Corporation tax paid by the Group amounted to £0.1m as profits generated were offset against losses carried forward from prior years and in 2015, the Group received tax refunds of £2.5m.

Net investments in fixed assets of £3.6m relates to fixed asset additions.

#### **Dividend**

The Board of Management did not recommend the payment of a dividend.

#### **Going concern**

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group and company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

#### **Key performance indicators**

The directors are reliant on specific key performance indicators such as, statistics related to market share, sales growth and profitability to provide important guidance as to likely activity and performance within the business. The key performance indicators are described within this Strategic Report.



**Manoj Parmar**  
CFO

10 March 2017

“

WHISTL REALLY UNDERSTAND OUR BUSINESS AND PRIORITIES AND HELP US ACHIEVE THEM.

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**CLAIRE SCHWEIDLER**  
KIRKLEES COUNCIL

# Risk Management

## Principal risks and uncertainties

The Group has determined its key principal risks as those risks that the Group considers material and which could have a significant impact on the Group's financial position, its operations and/or reputation.

## Risk management

The Group's principal risk management process comprises risk registers and reviews, control risk self-assessment and a Risk Management Committee. The Group faces a diverse range of risks and uncertainties which could have an adverse effect on its success if not managed. The Group has designed and embedded a risk management process to identify and monitor potential risks and uncertainties relevant to the Group and then seeks to eliminate or reduce these to the lowest extent possible to protect the business, its people and customers, and support delivery of its strategy.

The risk management process is intended to mitigate and reduce risk to the lowest extent possible, but cannot eliminate all risks to the Group and its businesses. The Group's risk management process and controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management process incorporates both top-down and bottom-up elements to the identification, evaluation and management of risks. Mitigating controls are identified and opportunities for the enhancement are implemented.

## Risk governance

The Board of Management is ultimately responsible for the Group's system of risk management and internal controls, and reviews their effectiveness on an annual basis.

## Risk overview

The Board of Management recognises that the risks faced by the Group change and it regularly assesses risks to manage and mitigate any impact.

Summarised are the key risks, not in order of significance, that the Board of Management has identified as the primary risks to the Group's successful financial performance, reputation or operations as at the year ended 31 December 2016.

## Financial risk management

Whistl Limited has established processes to identify, monitor, mitigate and where feasible, eliminate these risks.

### MARKET RISK

The Group's activities are principally provided to UK businesses and, as a result, the fortunes of the business are linked to the general health of the UK economy. The Group's exposure is limited by having a broad customer base but the business remains exposed to the vagaries in marketing budget expenditure that was disrupted by e-substitution and recession and the continuing evolution of the market.

### REGULATORY RISK

The Group operates in a regulated market which affords a level of protection against any anti-competitive behaviour, mandates access to Royal Mail's network and controls elements of Royal Mail's pricing. The Regulator, Ofcom, has recently conducted a Fundamental Regulatory Review and concluded that these protections should extend until 2022. Management considers this risk to be manageable.

### PRICE RISK

Pricing of Royal Mail services is determined by Royal Mail but is monitored by Ofcom.

### CREDIT RISK

The Group has some credit risk because a material amount of its turnover is the pass-through to customers of Royal Mail's, and other third party, charges. Those charges are payable on strict terms. There are, however, strong credit controls in place and in addition, the Group utilises credit insurance.

### LIQUIDITY AND CASH FLOW RISK

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, all risk exposures are monitored by the Board of Management regularly. The prime focus being performance and strategic issues, as well as the mitigation and management of these risks to an acceptable level. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows do not cover all the financial obligations, the Group has substantial, fully committed unused credit facilities available.

The Group is not exposed to any significant currency or interest rate risk.

### Price competition

The Group operates in a highly competitive market but Whistl provides high levels of customer service at prices that offer customers best value. It also seeks to maintain strong relationships with major customers and develop new services, aiding mitigation of the competition risk.

### Business continuity

The Group has detailed business continuity plans in place for all sites to ensure an immediate and appropriate response to a business continuity issue or disaster scenario. During the year under review, the Group successfully completed its IT disaster recovery migration for certain business critical applications and services.

### Whistleblowing

The Group has in place a Whistleblowing Policy, which all employees and other defined individuals are required to adhere to, and is open to suppliers and customers to use if they wish to report any concerns. The Whistleblowing Policy sets out the ethical standards expected of all persons the policy legally applies to and includes the procedure for raising concerns in strict confidence. Employees are encouraged to raise their genuine concerns regarding any malpractice within the Group without fear of harassment or victimisation. Any instances of employee disclosures concerning malpractice are reported to the Executive Board.

### Modern Slavery Act compliance

We actively work to demonstrate appropriate due diligence of our supply chain and we maintain a Modern Slavery Policy and Statement as required by the Modern Slavery Act 2015.

### Anti-bribery and corruption

The Group operates an anti-bribery and corruption policy which was put in place in response to the UK Bribery Act 2010. This policy sets out the responsibilities of employees of the Group in observing and maintaining the Group's position on bribery and corruption, which is that Whistl will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates. All employees are required to undertake a Bribery Corruption Awareness training programme as part of their induction process upon joining the Group.

We publish our anti-bribery procedure on our intranet and each member of staff has to complete an annual assessment through the Group's My Academy online training portal. We are committed to actively investigating any reports of a breach in policy. No breaches were reported this year.

### 2016 developments

Throughout 2016 the Group has continued to develop an integrated approach to its risk and assurance activities. Specifically, the following improvements have been implemented: We have set up an Audit Committee and formed a Risk Management Committee to ensure risk management is embedded into business function across the Group.

# Corporate Responsibility and Our People

Whistl recognises the importance of its role in managing social, economic and environmental issues. Corporate Social Responsibility (CSR) is the principal way Whistl seeks to co-ordinate and manage practices to maximise positive social and economic contribution and minimise the environmental impacts of its business. Engagement with key stakeholders including customers, employees, community, environmental stakeholders, regulators, business partners, suppliers, and our shareholders is central to Whistl's approach to CSR.

Whistl is committed to behaving responsibly and to operate in the most efficient way to reduce the impact of our operations on the environment.

The Group has been submitting fully collated data to a number of indices including the CDP (formerly the "Carbon Disclosure Project"). The CDP is the leading international index of climate change and carbon management for companies.





#### Within our depots

We reduce our environmental impact through setting targets, underpinned by improvement plans and performance measurement. Our largest contributors to carbon emissions are road transport and materials handling equipment (fork lift trucks) in our buildings. Both these areas have seen reductions in 2016 with further reductions planned.

In the past year, we have implemented the Toyota I-site materials handling equipment solution across our whole operation. This fully managed service provides vehicles, interactive software and driver training. The package provides:

- *Cost optimisation through ensuring the right vehicles are in the right place at the right time and through driver training to minimise damage in our depots*
- *Improved productivity from data blending vehicle use and driver effectiveness*
- *Support for monitoring of Health and Safety through driver training and license management*
- *Positive environmental impact through a reduction of truck usage combined with battery and fuel optimisation*

Other initiatives include installation of energy efficiency measures like T5 lighting and power down sensors. We also focus on waste re-cycling by using reusable consumables (e.g. for mail collection, packing, strapping, and plastics).

All environmental programmes are reviewed at least annually.

“

THEIR LEVEL OF INTEREST IS REFRESHING AND SHOWS THE CARE/ RELATIONSHIP THAT HAS DEVELOPED BETWEEN WHISTL AND THE WORKS. WE ARE A PARTNERSHIP THAT CONTINUES TO GROW TOGETHER.

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**PETER JOWITT**  
THE WORKS

## KEY EMPLOYEE FACTS 2016



OVERALL NUMBER

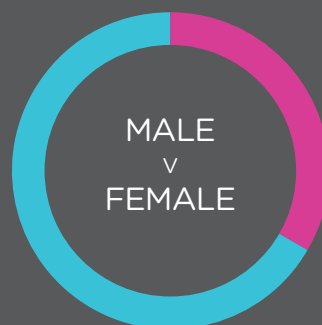
1,438

66.5%



MALE

956



33.5%



FEMALE

482

### With our vehicles

In 2016 we invested in 100 new tractor units that will further reduce our fuel bill and carbon output as they use clean, energy efficient advanced euro6 engine technology and soot filters.

We utilise IsoTrak, a market leading logistics and trunking optimisation software tool, to measure our transport environmental impact and set reduction targets. Our Transport Planning and Small Van Fleet teams use the real-time data available to proactively route around traffic delays and road closures ensuring the least disruption to our service possible, minimising waste and the higher CO<sub>2</sub> emissions.

We also operate 50 double decker trailers to optimise the load capacity and reduce the number of vehicles required for collections and mail trunking.

We use a range of vehicles for company cars including hybrid and seek to reduce unnecessary travel by encouraging alternative means of commuting, such as car sharing, and reduce travel by using remote conference calls and WebEx.

### Our People

Our people are key to Whistl's success. The team is smart, commercial, engaging and passionate about Whistl.

We recognise their value and invest in development programmes to help them reach their potential. We have developed and implemented various processes across our business to ensure all employees are given opportunities to access tools to support personal and career development.

Following the closure of the final mile activities in 2015, and the associated reduction in employees, 2016 has seen greater stability in our workforce who are now focussed on delivering great service to our core customers in the Downstream Access business and in our growth areas of Doordrop Media, International services and Parcels services.

Since 2010 we have been certified to the Investors in People (IiP) Bronze standard for our staff development and training methodology and in 2016 we were re-awarded the same for our ongoing commitment to staff investment.

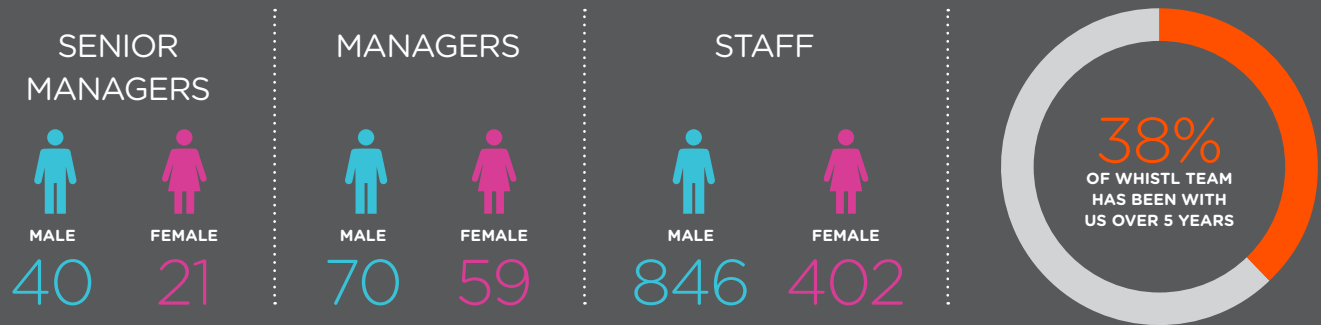
Treating people fairly is important to us and we have clear policies and practices relating to equality, diversity and pay.

“““

THE TEAM HAVE BEEN VERY PERSONABLE, HELPFUL AND RESPONSIVE.

JUGRO SCARLETT

DSG RETAIL LIMITED



### How we invest in our people

#### Skills and Training

Our Learning & Development team is committed to ensuring that everyone has the knowledge, skills and expertise to perform to consistently high standards and achieve their potential. A formal development and review plan is in place for each individual.

LEAP is our career development and leadership programme for the whole business. It builds on presenting, leadership and programme management skills and each participant is partnered with a carefully selected mentor.

The aim of LEAP is to:

- Grow our own internal talent pool to allow for succession
- Build leadership capability
- Realise increased efficiencies and service quality for customers

In addition, our online e-learning tool, My Academy enables us to build capability across the workforce and reduce training investment needs as it provides compliance and competency training. This logs individual learning and is available to all staff via PC, phone or tablet.

#### Apprenticeships

We have a long standing and successful apprenticeship programme. Through this programme, we have recruited, trained and retained in permanent roles, young people between the ages of 16-24 in mail services, logistics and business administration roles. One of our ex-apprentices (currently still employed with us) has been heavily involved in representing apprentices on a national level at Learner Voice events and at National Union of Student conferences. In 2015 we had approximately twelve apprentices working within the business, during 2016 this has declined slightly to nine whilst we await the outcome of the Apprentice Levy legislation and the impact, however, it is our intention to continue to support the apprentice programme into the future.

### How we value our people

#### Engagement and Empowerment

We value what our employees think and how they feel. To monitor the satisfaction of our employees, each year we undertake an online employee engagement survey, My Say, run by an independent company. In 2016 the results were exceptional; we recorded a 92% response rate and 69% engagement level. The external consultant who evaluated the results described these results as exceptionally high for our type of business.

#### Equality and Diversity

We appreciate the importance of having a diverse workforce and have policies and procedures in place to ensure all individuals, whether part-time, full-time or temporary are treated fairly in respect of employment, promotions, performance appraisals, transfers and training. All employees are also made aware of our policies and procedures as well as processes to challenge any treatment they deem to be unfair.

*Trade Union Representation & National Living Wage*

To support our workforce we recognise the trade union, Community. Community has a network of representatives across all of our depots. From 1 April 2016, we adopted the new National Living Wage. Although the National Living Wage applies to individuals over 25, through working with Community, we agreed to apply this rate to all employees, regardless of age. With effect from April 2017 we will pay all employees above the announced National Living Wage.

*Additional Benefits*

To further support employee engagement and support a work-life balance, we have partnered with You at Work/Plus You to provide employees with preferential shopping and membership discounts across a wide range of goods and services across the UK. Employees are able to access these discounts and special offers from home or at work via the Plus You website.

*Work-Life Balance*

We offer an Employee Assistance Programme, partnering with Unum LifeWorks, to support our employees with their emotional wellbeing and work-life balance. This is a free of charge service to support our employees with a wealth of resources covering life, health, family, work, money and life changes.

*Flexible Working*

We recognise the need for all employees to request to work flexibly and we comply with all legislation in regards to the Children and Families Act 2014. We have policies and procedures in place to request and support flexible working which are communicated to all employees and people managers; all policies are available to all staff via our company intranet. Each request is reviewed and considered on a case by case basis and will be accommodated, where possible, within business requirements.

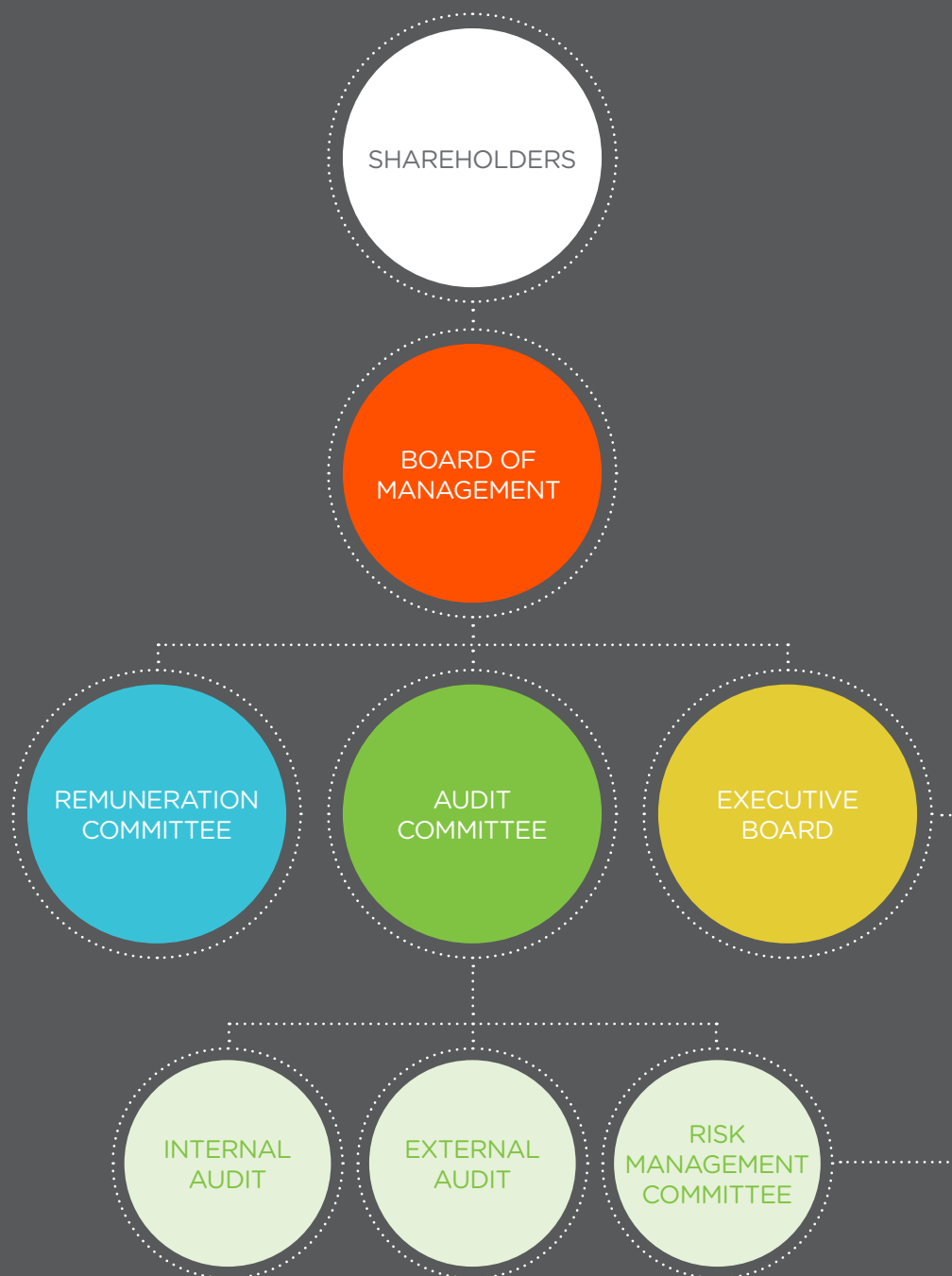
*Pensions*

In November 2013, we auto-enrolled all employees on our pension scheme, taking into consideration age and income criteria. In addition, we rolled out a second auto-enrol programme in 2016 in order to fulfil our legal obligation and a further enrolment is due in 2019.





# Governance



## GOVERNANCE STRUCTURE

## BOARD OF MANAGEMENT

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**Nick Wells**  
Chief Executive Officer,  
Remuneration Committee Secretary



**Nigel Polglass**  
Chief Operations Officer



**Manoj Parmar**  
Chief Financial Officer,  
Audit Committee Secretary



**James Greenbury**  
Non-Executive Director,  
Audit Committee member,  
Remuneration Committee member



**Pim Berendsen**  
Non-Executive Director,  
Audit Committee member,  
Remuneration Committee member

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## EXECUTIVE BOARD

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**Nick Wells**  
Chief Executive Officer



**Nigel Polglass**  
Chief Operations Officer



**Manoj Parmar**  
Chief Financial Officer



**Andrew Goddard**  
Commercial Director



**Mark Davies**  
Managing Director  
(Doordrop Media)



**Lynn Dillon**  
Human Resources Director



**Charles Neilson**  
Director of Postal Affairs



**Lieneke Happel**  
Director of IT  
& Product Development



**Tiemen Van Bruggen**  
Operations Director

### Board of Management

Whistl Group Holdings Limited is led and controlled by the Board of Management, who are collectively responsible for the long-term success of the Group and the endorsement and application of corporate governance.

The Board of Management is comprised of three executive directors, a representative non-executive director appointed by PostNL and a senior non-executive director. The directors are not currently subject to retirement by rotation and there is no plan to implement such a regime. The Board of Management always aims to keep an appropriate balance of Board of Management expertise and length of director tenure and recognises that tenure must be considered when examining the independent status of non-executive directors.

### Board of Management sub-committees

The Board of Management is supported by three sub-committees – an Audit Committee, Executive Board and a Remuneration Committee. Each committee has terms of reference which are reviewed and revised where necessary.

Our approach to corporate governance is to instil it throughout the business, with the Board of Management, taking collective responsibility for the overall management and leadership of the business, together with individuals and teams, taking ownership and being empowered to take appropriate decisions while reporting into the Executive Board, which in turn, reports into the Board of Management.

The Board of Management acknowledges its accountability in the performance and success of the business to its shareholders.

The Board of Management's agenda also covers:

- *Planning and monitoring Group strategy*
- *Financial and operational risk management*
- *Financial reporting and treasury matters*
- *Performance of key management personnel and the Executive Board.*

The Board of Management operates robust procedures to ensure all decisions are made objectively:

- *The Board of Management meetings take place on a monthly basis*
- *Conflicts of interest are declared openly and in advance and are managed respectfully*
- *The Board of Management receives a report from the Chief Executive and Chief Financial Officer as well as reports from its various committees and the Executive Board*
- *Members of the senior management team make presentations to both the Board of Management and the Executive Board on specific topics, creating a close connection between the Board of Management and the rest of the business*
- *In the period between Board of Management and Executive Board meetings, all directors receive email updates on significant matters arising. This may result in discussion by conference call between Board of Management meetings*

### Communication with stakeholders

Throughout the year, the Group has maintained regular monthly contact with its shareholders and investors to ensure that the interests of shareholders are aligned with the Company's. Good governance is an essential tool in ensuring that stakeholders remain committed partners as we invest in our business for the longer term.

“

THEY ARE VERY PROACTIVE, KNOWLEDGEABLE AND RESPONSIVE, SO I KNOW THAT IF I DID HAVE ANY ISSUES, THEY WOULD BE DEALT WITH SPEEDILY AND EFFECTIVELY.

CATE HOLLIS

YORKSHIRE BUILDING SOCIETY

# Directors' Report for the year ended 31 December 2016

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

## Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

N Wells  
N Polglass (Appointed 17 May 2016)  
M Parmar

The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

## Political donations

The Group made no political donations (2015: £nil) during the year.

## 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, they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 parent company and of their profit or loss for that period. In preparing each of the Group and parent company 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;*
- *Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## Matters covered in the Strategic Report

Discussion of going concern, financial risk management, future developments and payment of dividends have been included in the Strategic Report.

## Statement of disclosure of information to auditor

In the case of each director in office at the date the Directors' Report is approved under section 418, the following applies:

- (a) So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## Independent auditor

KPMG LLP was appointed auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Board



**M Parmar**  
Director

10 March 2017

# Independent Auditor's Report to the members of Whistl Limited (formerly Whistl NN1 Limited)

We have audited the financial statements of Whistl Limited (formerly Whistl NN1 Limited) for the year ended 31 December 2016 set out on pages 31 to 48. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 29, 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 of Management's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- We have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept 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.

## **Derek McAllan (Senior Statutory Auditor)**

for and on behalf of KPMG LLP  
Statutory Auditor & Chartered Accountants  
Arlington Business Park  
Reading  
RG7 4SD

10 March 2017

# Financials

## Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Turnover</b>	5	<b>591,713</b>	605,596
Cost of sales		<b>(552,782)</b>	(570,310)
<b>Gross profit</b>		<b>38,931</b>	35,286
Administrative expenses – Other		<b>(29,393)</b>	(35,276)
Administrative expenses – E2E		-	(18,477)
Total Administrative expenses		<b>(29,393)</b>	(53,753)
<b>Operating profit/ (loss)</b>	6	<b>9,538</b>	(18,467)
<b>Profit / (loss) before interest and taxation</b>		<b>9,538</b>	(18,467)
Interest receivable and similar income	9	<b>30</b>	80
Interest payable and similar expenses	10	<b>(614)</b>	(370)
<b>Profit/ (loss) before taxation</b>		<b>8,954</b>	(18,757)
Tax on profit/ (loss)	11	<b>(1,637)</b>	3,046
<b>Profit/ (loss) for the financial year</b>		<b>7,317</b>	(15,711)
Other comprehensive income		-	-
<b>Total comprehensive income/ (expense) for the year</b>		<b>7,317</b>	(15,711)

None of the Group's activities were acquired or discontinued during the current year or previous year.

There is no material difference between the profit / (loss) before taxation and the profit / (loss) for both the years stated above and their historical cost equivalents.

The notes on pages 36 to 48 form part of these financial statements.

## Consolidated statement of financial position as at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	13	<b>4,341</b>	4,040
Tangible assets	14	<b>3,860</b>	4,689
		<b>8,201</b>	8,729
<b>Current assets</b>			
Debtors	16	<b>76,984</b>	80,885
Cash at bank and in hand		<b>22,903</b>	14,414
<b>Total current assets</b>		<b>99,887</b>	95,299
<b>Creditors: amounts falling due within one year</b>	17	<b>(92,989)</b>	(95,025)
<b>Net current assets/ (liabilities)</b>		<b>6,898</b>	274
<b>Total assets less current liabilities</b>		<b>15,099</b>	9,003
Provisions for liabilities	19	<b>(1,350)</b>	(2,571)
<b>Net assets</b>		<b>13,749</b>	6,432
<b>Capital and reserves</b>			
Called up share capital	20	<b>50,147</b>	50,147
Capital contribution reserve		<b>20,000</b>	20,000
Retained earnings (deficit)		<b>(56,398)</b>	(63,715)
<b>Total equity</b>		<b>13,749</b>	6,432

The notes on pages 36 to 48 form part of these financial statements.

The financial statements were approved by the Board of Management of directors on 10 March 2017 and were signed on its behalf by



**M Parmar**  
Director

Registered number: 4261268



## Company statement of financial position as at 31 December 2016

Financials

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments in subsidiary undertakings	15	<b>28,609</b>	28,609
<b>Current assets</b>			
Debtors	16	<b>103</b>	56
<b>Total current assets</b>		<b>103</b>	56
<b>Creditors: amounts falling due within one year</b>	17	<b>(27,622)</b>	(27,387)
<b>Net current liabilities</b>		<b>(27,519)</b>	(27,331)
<b>Total assets less current liabilities</b>		<b>1,090</b>	1,278
<b>Net assets</b>		<b>1,090</b>	1,278
<b>Capital and reserves</b>			
Called up share capital	20	<b>50,147</b>	50,147
Capital contribution reserve		<b>20,000</b>	20,000
Retained earnings (deficit)		<b>(69,057)</b>	(68,869)
<b>Total equity</b>		<b>1,090</b>	1,278

The notes on pages 36 to 48 form part of these financial statements.

The financial statements were approved by the Board of Management of directors on 10 March 2017 and were signed on its behalf by



**M Parmar**  
Director

Registered number: 4261268

## Consolidated statement of changes in equity for the year ended 31 December 2016

	Called up share capital £'000	Capital contribution reserve £'000	Retained earnings (deficit) £'000	Total equity £'000
At 1 January 2015	37,047	20,000	(48,004)	9,043
Issue of shares	13,100	-	-	13,100
Total comprehensive expense for the year	-	-	(15,711)	(15,711)
<b>At 31 December 2015</b>	<b>50,147</b>	<b>20,000</b>	<b>(63,715)</b>	<b>6,432</b>
Total comprehensive income for the year	-	-	7,317	7,317
<b>At 31 December 2016</b>	<b>50,147</b>	<b>20,000</b>	<b>(56,398)</b>	<b>13,749</b>

## Company statement of changes in equity for the year ended 31 December 2016

	Called up share capital £'000	Capital contribution reserve £'000	Retained earnings (deficit) £'000	Total equity £'000
At 1 January 2015	37,047	20,000	(55,550)	1,497
Issue of shares	13,100	-	-	13,100
Total comprehensive expense for the year	-	-	(13,319)	(13,319)
<b>At 31 December 2015</b>	<b>50,147</b>	<b>20,000</b>	<b>(68,869)</b>	<b>1,278</b>
Total comprehensive expense for the year	-	-	(188)	(188)
<b>At 31 December 2016</b>	<b>50,147</b>	<b>20,000</b>	<b>(69,057)</b>	<b>1,090</b>

The notes on pages 36 to 48 form part of these financial statements.

# Consolidated statement of cash flows for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Net cash from operating activities	21	12,733	(446)
Taxation receipt/ (paid)		(85)	2,488
<b>Net cash generated from operating activities</b>		<b>12,648</b>	<b>2,042</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible assets		464	14
Purchases of intangible assets		(3,212)	(1,408)
Purchases of tangible assets		(827)	(1,407)
Interest received		30	80
<b>Net cash from investing activities</b>		<b>(3,545)</b>	<b>(2,721)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		-	13,100
Repayment of loan		-	(13,159)
Interest paid and similar expenses		(614)	(370)
<b>Net cash used in financing activities</b>		<b>(614)</b>	<b>(429)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>8,489</b>	<b>(1,108)</b>
Cash and cash equivalents at the beginning of year		14,414	15,522
<b>Cash and cash equivalents at end of year</b>		<b>22,903</b>	<b>14,414</b>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		22,903	14,414
<b>Cash and cash equivalents</b>		<b>22,903</b>	<b>14,414</b>

The notes on pages 36 to 48 form part of these financial statements.

# Notes to the consolidated financial statements for the year ended 31 December 2016

## 1 General information

The principal activities of Whistl Limited (formerly Whistl NN1 Limited) and its subsidiaries are the distribution of Downstream Access Mail and Doordrop Media in its various forms (being letters of various sizes, UK and International). Whistl Limited (formerly Whistl NN1 Limited) is a private company limited by shares, domiciled and incorporated in the UK. The address of the registered office is Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

## 2 Statement of compliance

The Group and individual financial statements of the company have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

## 3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the recognition of certain fixed assets and liabilities measured at fair value. The going concern preparation is based on projections and availability of funding.

The UK Group has indicated that it will continue to make available such funds as are needed by the company. After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 below.

These financial statements have been prepared under FRS 102 and are presented in Sterling (£).

### Basis of consolidation

The Group financial statements include the results of the company and all of its subsidiary undertakings. Uniform accounting policies are applied throughout the Group and intra-group transactions and balances are eliminated on consolidation.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. Exemptions under FRS102 paragraph 1.12 have been applied to the company in relation to presentation of a statement of cash flows, related party transactions and certain financial instrument disclosures.

### Statement of cash flows

The directors have taken advantage of the exemption in FRS 102, paragraph 1.12(b) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned subsidiary of a group headed by Whistl Group Holdings Limited (formerly NNY 71 Limited) and is included in the consolidated financial statements of that company, which can be obtained from the address given in note 27.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for delivery services provided in the normal course of business, net of discounts, rebates and Value Added Tax. Sales are recognised only on the passing over of Downstream Access Mail and Parcels to Royal Mail and other carriers for final distribution.

Doordrop Media revenue is derived from client specific contractual arrangements, for delivery of marketing material and/or market research across a variety of distribution networks. Invoiced amounts, exclusive of Value Added Tax, are recognised within the profit and loss account in the month of delivery.

Revenue recognised but not billed for services delivered during the financial year has been recognised as accrued income in the statement of financial position.

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Computer software/IT infrastructure – 3 to 5 years straight line.

Assets under construction which consist of computer software under development are included in the category of intangible assets at cost and are not depreciated. The expected useful lives of the assets are reassessed periodically.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Long leasehold property	- over term of lease
Plant and machinery	- 5 to 10 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years straight line

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Fixed asset investments – subsidiary undertakings**

Investments are stated at the cost of the shares plus all other associated costs less any provision for impairment.

Investments are reviewed annually and impairments are assessed if the investment's carrying value is greater than the recoverable amounts.

**Impairment of assets**

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. The carrying value of intangible and tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Financial instruments**

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

**Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets are measured at amortised cost, net of any allowance for impairment in relation to irrecoverable amounts. The impairment is recognised in the profit and loss.

## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables and amounts owed to Group undertakings are not interest bearing and are recognised at carrying amount which is deemed to be a reasonable approximate to their fair value.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

### Provisions

Provisions are recognised when the company and Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

The Group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost.

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

### Taxation

Current tax is recognised for the amount of tax payable/(recoverable) in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax assets are recognised to the extent that it is probable that they will be recovered. This requires judgements to be made in respect of the forecast of future taxable income.

A deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis.

### Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Exceptional items**

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

**Related party disclosures**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

**Share capital**

Ordinary shares are classified as equity.

**4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Provisions**

Provision is made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. The adequacy of the provision is reviewed monthly.

**Impairment of trade debtors**

The Group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

**5 Turnover**

The Group's turnover and profit / (loss) before taxation are derived from the provision of delivery services within the UK. The turnover and profit / (loss) before tax are attributable to the principal activity of the company. An analysis of turnover is given below:

	2016 £000	2015 £000
Downstream Access Mail and Parcels (letters of various sizes and parcels)	<b>528,449</b>	552,650
Doordrop Media	<b>63,264</b>	52,946
	<b>591,713</b>	605,596

## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### 6 Operating profit/ (loss)

Operating profit/ (loss) is stated after charging/ (crediting):

	2016 £'000	2015 £'000
Amortisation of intangible fixed assets	1,789	2,521
Depreciation of tangible fixed assets	1,928	3,153
Impairment of intangible fixed assets	-	2,021
Impairment of tangible fixed assets	-	5,117
Loss on disposal of tangible fixed assets	386	419
Impairment of trade debtors	70	198
Rebranding costs	-	684
Auditor's remuneration		
- as auditor	65	75
- other audit related services	7	-
Net loss / (gain) on foreign currency translation	106	(14)
Operating lease charges:		
- Plant and machinery	4,979	3,752
- Other	3,682	3,580

Fees for audit related services for 2016 and 2015 were borne by a Group company and not recharged. There were no non-audit related services in the year (2015: £nil).

### 7 Employee information

The average monthly number of staff (including executive directors) employed by the Group during the financial year amounted to:

	2016 Number	2015 Number
Sales, finance, management and administration	279	256
Operations	1,159	1,492
	1,438	1,748

The aggregate payroll costs of the above were:

	2016 £'000	2015 £'000
Wages and salaries	33,096	38,394
Social security costs	3,053	3,709
Other pension costs (note 22)	745	950
	36,894	43,053



## 8 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2016 £'000	2015 £'000
Aggregate emoluments	<b>798</b>	861
Value of Group pension contributions to money purchase schemes	<b>21</b>	16
	<b>819</b>	877

Emoluments of highest paid director:

	2016 £'000	2015 £'000
Aggregate emoluments	<b>362</b>	620
Value of Group pension contributions to money purchase schemes	-	-
	<b>362</b>	620

The number of directors who accrued benefits under Group pension schemes was as follows:

	2016 Number	2015 Number
Money purchase schemes	<b>2</b>	2

## 9 Interest receivable and similar income

	2016 £'000	2015 £'000
Bank interest receivable	<b>29</b>	34
Amounts receivable from Group undertakings	-	46
Other interest receivable	<b>1</b>	-
	<b>30</b>	80

## 10 Interest payable and similar expenses

	2016 £'000	2015 £'000
Bank interest payable and similar expenses	<b>173</b>	8
Amounts payable to related undertaking	<b>441</b>	362
	<b>614</b>	370

## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### 11 Tax on profit / (loss)

The tax charge / (credit) is based on the profit / (loss) for the year and represents;

	2016 £'000	2015 £'000
<b>Current tax</b>		
UK corporation tax on profit / (loss) at 20.00% (2015: 20.25%)	1,660	(2,903)
Adjustments in respect of prior years	2	(464)
<b>Total current tax charge / (credit)</b>	<b>1,662</b>	<b>(3,367)</b>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	212	(677)
Rate adjustment	(185)	469
Adjustments in respect of prior years	(52)	529
<b>Total tax charge / (credit) on profit / (loss)</b>	<b>1,637</b>	<b>(3,046)</b>

The tax credit (2015: credit) on the profit (2015: loss) for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below.

	2016 £'000	2015 £'000
<b>Profit / (loss) before taxation</b>	<b>8,954</b>	<b>(18,757)</b>
Profit / (loss) for the year at 20.00% (2015: 20.25%)	1,791	(3,798)
Items not deductible for tax purposes	85	133
Rate changes	(185)	469
Accelerated capital allowances/timing differences	-	49
Other timing differences	-	36
Adjustments in respect of prior years	(54)	65
<b>Total tax charge / (credit) for the year</b>	<b>1,637</b>	<b>(3,046)</b>

A reduction in the UK Corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset, at the balance sheet date has been calculated based on these rates.

### 12 Profit and loss account of the parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £188,000 (2015: loss £13,319,000).

The parent company's loss for the financial year includes £nil (2015: £nil) of dividends received from subsidiary companies.

### 13 Intangible fixed assets - Group

	Computer software/ IT infrastructure	Assets Under Construction	Total
	£'000	£'000	£'000
<b>At 31 December 2015</b>			
Cost	10,561	421	10,982
Accumulated amortisation and impairment	(6,942)	-	(6,942)
<b>Net book value</b>	<b>3,619</b>	<b>421</b>	<b>4,040</b>
<b>Year ended 31 December 2016</b>			
Opening net book value	3,619	421	4,040
Additions	812	2,400	3,212
Disposals	(234)	-	(234)
Amortisation	(1,789)	-	(1,789)
Transfer	569	(1,457)	(888)
<b>Closing net book value</b>	<b>2,977</b>	<b>1,364</b>	<b>4,341</b>
<b>At 31 December 2016</b>			
Cost	10,215	1,364	11,579
Accumulated amortisation and impairment	(7,238)	-	(7,238)
<b>Net book value</b>	<b>2,977</b>	<b>1,364</b>	<b>4,341</b>

### 14 Tangible fixed assets - Group

	Long Leasehold property	Plant and machinery	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 31 December 2015</b>					
Cost	794	16,016	1,363	1,246	19,419
Accumulated depreciation and impairment	(769)	(12,389)	(795)	(777)	(14,730)
<b>Net book value</b>	<b>25</b>	<b>3,627</b>	<b>568</b>	<b>469</b>	<b>4,689</b>
<b>Year ended 31 December 2016</b>					
Opening net book value	25	3,627	568	469	4,689
Additions	739	-	88	-	827
Disposals	(14)	(398)	(99)	(105)	(616)
Depreciation	(21)	(1,487)	(208)	(212)	(1,928)
Transfers	-	684	99	105	888
<b>Closing net book value</b>	<b>729</b>	<b>2,426</b>	<b>448</b>	<b>257</b>	<b>3,860</b>
<b>At 31 December 2016</b>					
Cost	739	15,765	1,133	633	18,270
Accumulated depreciation and impairment	(10)	(13,339)	(685)	(376)	(14,410)
<b>Net book value</b>	<b>729</b>	<b>2,426</b>	<b>448</b>	<b>257</b>	<b>3,860</b>

## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### 15 Investments in subsidiary undertakings - Company

Cost	£'000
At 1 January 2016 and 31 December 2016	93,914
Impairment	
At 1 January 2016 and 31 December 2016	65,305
Net book value	
At 31 December 2016	28,609
At 31 December 2015	28,609

The directors consider that the value of the investments to be supported by underlying assets, projections and prospects for the business.

At 31 December 2016, the company had a majority shareholding in the following entities:

Undertaking	Country of incorporation	Activity	Proportion of shares held (%)
PostNL UK Limited	UK *	Holding Company	100

\* Registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

### 16 Debtors

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	63,526	66,375	-	-
Deferred Tax (note 18)	2,970	4,329	-	-
Corporation tax receivable	43	235	103	56
Prepayments and accrued income	10,445	9,946	-	-
	76,984	80,885	103	56

An impairment loss of £650,000 (2015: £646,000) was recognised against trade debtors.

Details of the company's exposure to credit risk are given in the Strategic Report.

## 17 Creditors: amounts falling due within one year

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade creditors	40,716	44,277	-	-
Amounts owed to Group undertakings	945	-	27,622	27,387
Taxation and social security	15,914	16,942	-	-
Accruals and deferred income	35,414	33,806	-	-
	<b>92,989</b>	<b>95,025</b>	<b>27,622</b>	<b>27,387</b>

Amounts owed to Group undertakings relating to intra trading are interest free, unsecured and repayable on demand. Loan interest is charged on intra group loans at a rate based on three month LIBOR plus a premium.

Details of the company's exposure to liquidity risk are given in the Strategic Report.

## 18 Deferred tax

The deferred tax included in the statement of financial position is as follows

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Included in debtors (note 16)	2,970	4,329	-	-

The movement in the deferred taxation account during the year was

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 January	4,329	1,389	-	-
Profit and loss account movement arising during the year	215	148	-	-
Utilisation of tax losses	(1,385)	3,261	-	-
Changes in tax rates	(189)	(469)	-	-
At 31 December	<b>2,970</b>	<b>4,329</b>	<b>-</b>	<b>-</b>

Expected net reversal of deferred tax assets and liabilities during 2017:

	£'000
At 31 December 2016	2,970
Profit and loss account movement arising during the year	(1,343)
At 31 December 2017	1,627

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Capital allowances in excess of depreciation	1,189	1,489	-	-
Utilisation of tax losses	1,794	2,876	-	-
R & D tax credit	-	(54)	-	-
Short term timing differences	(13)	18	-	-
At 31 December	<b>2,970</b>	<b>4,329</b>	<b>-</b>	<b>-</b>

The Group recognised a net deferred tax asset of £2,970,000, (2015: £4,329,000) relating to reversal of existing differences on tangible fixed assets and corporation tax losses carried forward at 31 December 2016. Management believe that the company will generate sufficient future profits in order to support the recognition of the deferred tax asset.

## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### 19 Provisions for liabilities – Group

	Onerous Provision £'000	Total £'000
At 1 January 2016	2,571	<b>2,571</b>
Utilised in the year	(1,221)	<b>(1,221)</b>
At 31 December 2016	1,350	<b>1,350</b>

The onerous provision relates to the termination of certain operating leases and will be utilised in 2017.

The company had no deferred tax provision at 31 December 2016 (2015: £nil).

### 20 Called up share capital – Group and Company

Allotted and fully paid	Number	2016 £'000	Number	2015 £'000
50,147,152 (2015: 50,147,152)	<b>50,147,152</b>	<b>50,147</b>	50,147,152	50,147
ordinary shares of £1 each (2015: £1 each)				

There is a single class of ordinary shares and there are no restrictions on the distribution of dividends and the repayment of capital.

### 21 Notes to consolidated statement of cash flows

	2016 £'000	2015 £'000
<b>Profit / (loss) for the financial year</b>	<b>7,317</b>	(15,711)
Adjustments for:		
Tax on profit / (loss)	<b>1,637</b>	(3,046)
Net interest expense	<b>584</b>	290
<b>Operating profit / (loss)</b>	<b>9,538</b>	(18,467)
Amortisation of intangible fixed assets	<b>1,789</b>	2,521
Impairment of intangible fixed assets	-	2,021
Depreciation of tangible fixed assets	<b>1,928</b>	3,153
Impairment of tangible fixed assets	-	5,117
Loss on disposal of fixed assets	<b>386</b>	419
Working capital movements:		
- Decrease/ (increase) in debtors	<b>2,350</b>	3,841
- Increase/ (decrease) in payables	<b>(3,258)</b>	949
<b>Cash from operating operations</b>	<b>12,733</b>	(446)

Analysis of changes in net cash:	At 1 Jan 2016 £'000	Cash flows £'000	At 31 Dec 2016 £'000
Cash at bank and in hand	14,414	8,489	<b>22,903</b>
Cash and cash equivalents	14,414	8,489	<b>22,903</b>
Total	14,414	8,489	<b>22,903</b>

## 22 Pension costs

The Group operates one defined contribution pension scheme. The assets of the scheme are held separately from the company in an independently administered fund. The pension cost charges represent contributions payable by the Group to the fund and amounted to £745,000 (2015: £950,000).

There were £144,000 accrued pension contributions at 31 December 2016 (2015: £157,000).

## 23 Related party transactions

The directors are considered to be the key management personnel of the company. Details of their remuneration are given in note 8.

The company has taken advantage of the exemption given by FRS 102, Section No.33 'Related Party Disclosure' not to disclose transactions with other Group companies, since they are with other companies that are wholly owned within the Group.

The Group has a trading relationship with Lifecycle Marketing (Mother and Baby) Limited in which Nick Wells is a director. The revenue from transactions with the company for the year ended 31 December 2016 amounted to £628,000 (2015: £566,000) with an amount of £27,000 (2015: £67,000) due to the Group at the year-end. All transactions were undertaken at arms' length and on normal commercial terms.

## 24 Guarantees

The Group is subject to a multilateral guarantee by other Group entities. The ongoing financing needs of the Group are provided by a fully committed £65m facility from Royal Bank of Scotland (RBS) for a further 4 years, RBS has a fixed and floating charge over the Group's assets.

Royal PostNL B.V., a subsidiary company of PostNL N.V. has provided a supplier guarantee of £32 million (2015: £32 million) and has a secondary fixed and floating charge over the Group's assets.

## 25 Financial instruments

The Group has the following financial instruments:

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Financial assets at fair value through profit or loss		-		-
Financial assets that are debt instruments measured at amortised cost:				
- Trade debtors (note 16)	63,526		66,375	
		63,526		66,375
Financial assets that are equity instruments measured at cost less impairment.		-		-
Financial liabilities measured at amortised cost:				
- Trade creditors (note 17)	(40,716)		(44,277)	
- Amounts owed to Group undertakings (note 17)	(945)		-	
		(41,661)		(44,277)

The company has the following financial instruments:

The company had no financial assets that are debt instruments measured at amortised cost.

	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Financial assets that are equity instruments measured at cost less impairment.		-		-
Financial liabilities measured at amortised cost:				
- Amounts owed to Group undertakings (note 17)	(27,622)		(27,387)	
		(27,622)		(27,387)



## Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

### 26 Financial commitments: Group

At 31 December, the Group had the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	8,926	6,595
Within two and five years	12,767	10,615
Over five years	1,101	1,125
	<b>22,794</b>	18,335

### 27 Ultimate parent company and controlling party

The immediate and ultimate parent undertaking of the company is Whistl Group Holdings Limited (formerly NNY71 Limited), a company incorporated in England and Wales.

The current largest and smallest Group of undertakings for which Group financial statements are drawn up and of which the company is a member is Whistl Group Holdings Limited (formerly NNY 71 Limited). This company's financial statements are available from the registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

### 28 Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Country of incorporation	Activity	Proportion of shares held (%)	Immediate direct parent undertaking
PostNL UK Limited	UK *	Holding company	100	Whistl Limited (formerly Whistl NN1 Limited)
Whistl UK Limited ^	UK *	Trading parent company - Downstream Access Mail and Parcels	100	Post NL UK Limited
Whistl North Limited ^	UK *	Downstream Access Mail and Parcels +	100	Whistl UK Limited
Whistl Scotland Limited ^	UK *	Downstream Access Mail and Parcels +	100	Whistl UK Limited
Whistl South West Limited ^	UK *	Downstream Access Mail and Parcels +	100	Whistl UK Limited
Whistl Midlands Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl London Limited ^	UK *	Downstream Access Mail and Parcels +	100	Whistl UK Limited
Whistl Marketing Service Group Limited ^	UK *	Holding company- non trading	100	Post NL UK Limited
Whistl (Doordrop Media) Limited ^	UK *	Trading - Doordrop Media	100	Whistl Marketing Service Group Limited

\* All the above subsidiaries are included in the consolidation, registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB

^ Entities are indirectly held

= Entity exempt from audit

+ On 6th March 2016, the company's trading subsidiaries, Whistl North Limited, Whistl London Limited, Whistl South West Limited and Whistl Scotland Limited transferred their trading assets and liabilities to Whistl UK Limited at net book value and are now dormant.

# Directors and Advisers for the year ended 31 December 2016

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**Directors**

N Wells  
N Polglass  
M Parmar

**Company secretary**

J Evans

**Registered office**

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