BIS (Postal Services Act 2011) Company Limited

Annual Report and Financial Statements 2016-17

(For the year ended 31 March 2017)

Company Number: 07941521

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Strategic report

The business, its objective and strategy

The principal activity of the company is to hold and dispose of the assets transferred in accordance with the 'Realisation Plan', as adopted by the shareholders in Part 2 of the company's Articles of Association.

The principal objective of the company is to realise the assets in a measured fashion within the context of protecting value for the tax payer, while paying due regard to issues of transparency (where this would not prejudice the commercial interests of the company) and minimising market distortion. In general, the company seeks to dispose of liquid assets into cash and cash equivalents as quickly as possible to minimise any significant exposure to risk.

Cash and cash equivalents realised by the company through the disposal of assets are ultimately transferred to the Department for Business, Energy and Industrial Strategy (BEIS, formerly the Department for Business, Innovation and Skills - BIS).

The company's residual investment activities are principally managed by Beach Point Capital Management LP, LaSalle Investment Management, Pathway Capital Management LP, Bridgepoint Advisers II Limited, Hamilton Lane COPTL LP and Pantheon Ventures (UK) LLP (the "Investment Managers"), with the global custody arrangements delegated to JPMorgan Chase Bank N.A., London Branch.

Operating and financial review

At 31 March 2017, the company had net assets of £0.6 billion as shown in the statement of financial position (31 March 2016: £0.7 billion).

For the year ended 31 March 2017, the total cash inflows arising from operating activities amounted to £0.2 billion (2015-16: £0.5 billion).

The net profit attributable to equity holders of the company for the year to 31 March 2017 was £74.3 million, as shown in the statement of comprehensive income and expenditure (2015-16: £109.9 million).

The company will continue to keep the realisation strategy of the retained assets under review, with consideration given to holding the assets for an extended period of time where this is likely to deliver value for money for the taxpayer.

Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the exposure to financial risks arising from holding its financial assets. The company's overall risk management strategy seeks to minimise on-going exposure to financial risks by realising assets as promptly as is reasonably practicable, whilst achieving value for money for the taxpayer.

Further disclosure in respect of the company's exposure to financial risks, including market risk, credit risk and liquidity risk, is included in the notes to these financial statements.

Signed on behalf of the board by:



Niall Mackenzie
Accounting officer and director

01 December 2017

Directors' report

Introduction

On 8 February 2012, BIS (Postal Services Act 2011) Company Limited (the "**company**") was incorporated and registered as a private limited company in England and Wales under the Companies Act 2006.

With effect from 1 April 2012 and by way of the provisions of the Postal Services Act 2011 which received Royal Assent on 13 June 2011, the Government assumed responsibility for both the Royal Mail Pension Plan ("**RMPP**") deficit and the majority of the plan's assets. The Government removed RMPP's defined benefit pension deficit by transferring certain historic liabilities to a new unfunded statutory pension scheme – the Royal Mail Statutory Pension Scheme (**"RMSPS"**). In conjunction with this, certain assets were also transferred out of Royal Mail Pensions Trustees Limited (**"RMPP Trustees"**) under the Postal Services Act 2011 (Transfer of Assets) Order 2012 (the "Assets Transfer Order"). The RMPP was left fully funded as at the transfer date.

The company was incorporated and established to hold certain assets transferred from the RMPP Trustees to the Government. The ultimate controlling party for the company is the Secretary of State for Business, Energy and Industrial Strategy ("**BEIS**").

Key performance indicators (KPIs)

BIS (Postal Services Act 2011) Company Limited is a wholly-owned subsidiary of BEIS. As a result, both the management and reporting of risk and key performance indicators are undertaken at the Departmental level. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company.

Details of directors

Details of the board of directors, including information about the board's composition, its attendance records and coverage of its work, can be found in the governance statement on page 7. Directors are not remunerated by the company in any form.

Dividends and payments to the ultimate controlling party

In accordance with Article 14, *'Remittance of Cash Proceeds to the Consolidated Fund'*, and Article 12, *'Retention of Cash'*, of the company's Articles of Association, a total cash distribution of £194.5 million was made to BEIS during the reporting year (31 March 2016: £606.2 million). This amount has been recognised in the statement of changes in equity for the year ended 31 March 2017.

Events after the reporting date

No material events have occurred since the end of the financial year that may significantly affect the financial performance or position of the reporting entity.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. In accordance with the requirements of the Companies Act, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under Section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Directors' statement of disclosure of information to auditors

The directors in office at the date of this annual report and financial statements have each confirmed that, so far as they are aware, there is no relevant information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each of the directors has taken all the steps he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Signed on behalf of the board by:



Niall Mackenzie
Accounting officer and director

01 December 2017

Governance statement

Introduction

The principal objective of the company is to hold and dispose of assets in accordance with the 'Realisation Plan' adopted by the shareholders in Part 2 of the Articles of Association. The company is ultimately owned and controlled by the Secretary of State for Business, Energy and Industrial Strategy ("**BEIS**") and is operated by the directors.

This statement sets out the governance structure, risk management and internal control procedures that have been operated within the company during the year to 31 March 2017.

The Governance Structure

Board responsibilities

The board provides the general oversight of the realisation exercise and ensures that it is managed in accordance with the 'Realisation Plan'. Up to 31 March 2017 the board delegated the day-to-day operation of the business, in accordance with appropriate risk parameters, to UK Government Investments (UKGI), a company wholly owned by HM Treasury. The board monitors compliance with policy and achievement against objectives, by holding management accountable for its activities through regular updates. In addition, management is required to update the board on a regular basis, giving the board the opportunity to understand and explore issues in depth as appropriate.

During the financial year ended 31 March 2017, the board considered a wide range of issues, including:

- the progress of the asset realisation exercise;
- the financial position of the company;
- the long-term plan for the company;
- approving full-year results;
- considering opportunities for the realisation of assets; and
- discussing risk management and controls within the company.

Board structure

Directors
Ruth Elliot, accounting officer (resigned 11 July 2017)
Niall Mackenzie, accounting officer (appointed 26 June 2017)
Jonathan Sell (appointed 16 August 2017)
Paul Norris (appointed 12 June 2017)
David Long (appointed 19 August 2016)
Sarah Gannaway (appointed 27 March 2017; resigned 20 July 2017)
Michael Harrison (resigned 12 June 2017)
Thomas Dodd (appointed 20 December 2016; resigned 28 March 2017)
Mark Russell (resigned 5 August 2016)
Matthew Toombs (resigned 14 December 2016)

All directors are subject to retirement, and election or re-election, in accordance with the company's Articles of Association.

Board attendance

The board held 6 scheduled meetings in the year ended 31 March 2017. Directors are expected to attend scheduled board meetings, unless they are prevented from doing so by prior commitments. Where directors are unable to attend meetings, they receive the papers scheduled for discussion in the relevant meetings, giving them the opportunity to raise any issues and give any comments in advance of the meeting. Following the meeting any director not present is briefed on the discussions and any decisions taken at the meeting. Directors leave the meeting where matters relating to them, or which may constitute a conflict of interest for them, are being discussed.

The attendance of directors at board meetings held during the year ended 31 March 2017 was as follows:

Directors	Number of possible meetings attended	Actual meetings attended
Ruth Elliot	6	6
Niall Mackenzie	0	0
Jonathan Sell	0	0
Paul Norris	0	0
David Long	4	4
Sarah Gannaway	0	0
Michael Harrison	6	6
Thomas Dodd	3	3
Mark Russell	2	0
Matthew Toombs	3	2

Responsibility of the principal accounting officer of BEIS

The principal accounting officer of BEIS is responsible for approving the 'Realisation Plan' of the company and provides the oversight, in addition to the board, to ensure that the realisation of the assets represents value for money to the taxpayer as a whole. Where the realisation exercise deviates from the 'Realisation Plan', or where it is considered necessary to amend the original plan, the management will report to the board and the principal accounting officer as necessary. The directors and specifically the accounting officer of the company, who was designated by the principal accounting officer of BEIS, have certain responsibilities. The primary responsibilities (in addition to those defined in the Companies Act 2006) are: to adhere to chapter three of Managing Public Money, being responsible for safeguarding the public funds, for ensuring propriety and regularity in the handling of public funds, and for day to day operations and management of the company. The directors and the accounting officer of the company also ensure that the is run on the basis of the standards, in terms of governance, decision making and financial management that are detailed in Chapter 3.1 of Managing Public Money.

Information received by the board and principal accounting officer

Written updates on the progress of the asset realisation exercise were provided by the management to the board on an ad hoc basis for the year to 31 March 2017. The board considers that the written updates provided by the management team during the financial year were relevant, sufficient and timely to satisfy its purpose.

Review of board's effectiveness

The board is currently comprised of four directors all of whom are senior officials within Government Departments or other public sector bodies. Two directors are employed by UKGI, one by BEIS and one by HM Treasury. It is considered that the size and experience of the board is appropriate given the nature of the company's operations.

During the financial year ended 31 March 2017, no formal evaluation of the board's effectiveness has been carried out. However, the board met 6 times in the year and believes that its structure and monitoring framework are functioning effectively to enable the objectives of the company to be met.

Compliance with Corporate Governance Code

The UK Corporate Governance Code (the 'code') sets out the main principles and specific provisions on how companies should be directed and controlled to follow good governance practice. The rules of the Financial Conduct Authority (the 'FCA') require companies listed in the UK to disclose, in relation to the Code, how they have applied those principles and whether they have complied with the provisions throughout the financial year. Where the provisions have not been complied with, companies must provide an explanation for this.

BIS (Postal Services Act 2011) Company Limited is a private limited company that is ultimately owned by BEIS. As the company is not listed in the UK, compliance with the code is not required.

The directors follow and comply with the principles detailed in the "Corporate governance in central government departments" code in so far as they are applicable to a company limited by shares incorporated under the Companies Act 2006.

Risk management and internal control

The board attaches considerable importance to, and acknowledges its responsibility for, the company's systems of internal control and risk management. The board's policy is to have systems in place which optimise the company's ability to manage risk in an effective and appropriate manner. The board has delegated to UKGI the principal responsibilities for identifying, evaluating and monitoring risks facing the company and for deciding how these are to be managed.

These include on-going controls and review procedures in place to monitor the performance of the investment managers that continue to manage investments on behalf of the company.

Given the specific nature of the company, its principal risks and uncertainties reside with the exposure to financial risks arising from its holdings of financial assets.

Signed on behalf of the board by:



Niall Mackenzie
Accounting officer and director

01 December 2017

Independent auditor's report to the shareholders of BIS (Postal Services Act 2011) Company Limited

I have audited the financial statements of BIS (Postal Services Act 2011) Company Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of the directors and the auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My 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 me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2017 and of the company's net profit for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Strategic and Directors' Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



Hilary Lower (Senior Statutory Auditor)

Date: 1/12/17

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Statement of comprehensive income and expenditure for the year ended 31 March 2017

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
		£'000	£'000
Revenue			
Net gains arising from the sale of financial assets	2	74,730	101,185
Finance income	3	1,343	3,011
Other income	4	1,942	13,536
Loss arising from the disposal of investment properties	7	-	(702)
Foreign exchange gain/(losses)	6	2,481	(1,524)
Expenses			
Operating expenses	5	(7,282)	(8,940)
Net changes in fair value on financial assets held at fair value through profit or loss	12	1,133	3,329
Net profit before tax		**74,347**	**109,895**
Income tax expense	16	-	-
Net profit for the year		**74,347**	**109,895**
Other comprehensive income:			
Available-for-sale reserve:			
Net changes in fair value of available-for-sale financial assets		65,832	36,893
Reclassification adjustments for gains/(losses) of available-for-sale financial assets included in statement of comprehensive income and expenditure		(19,299)	(42,780)
Total comprehensive income for the year		**120,880**	**104,008**

The notes on pages 17 to 33 form part of these financial statements.

Statement of financial position as at 31 March 2017

	Note	At 31 March 2017 £'000	At 31 March 2016 £'000
Assets			
Non-current assets			
Available-for-sale financial assets	9	487,595	550,640
Total non-current assets		**487,595**	**550,640**
Current assets			
Trade and other receivables	10	1,781	2,744
Derivative financial instruments	11	5	-
Financial assets at fair value through profit or loss	12	2,121	9,353
Cash and cash equivalents	13	148,787	151,580
Total current assets		**152,694**	**163,677**
Total assets		**640,289**	**714,317**
Current liabilities			
Trade and other payables	14	(2,335)	(2,719)
Derivative financial instruments	11	-	(36)
Total current liabilities		**(2,335)**	**(2,755)**
Net assets		**637,954**	**711,562**
Capital and reserves			
Available-for-sale reserves		121,234	74,701
Retained earnings		516,720	636,861
Total equity		**637,954**	**711,562**

The notes on pages 17 to 33 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue and signed on its behalf by:

Niall Mackenzie
Accounting officer and director

01 December 2017

Company number: 07941521

Statement of changes in equity for the year ended 31 March 2017

	Attributable to equity holders of the Company			
	Ordinary Share capital	Available-for-sale reserve	Profit and Loss Account	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2015	**-**	**80,588**	**1,133,137**	**1,213,725**
Net profit	-	-	109,895	**109,895**
Revaluations in other comprehensive income	-	36,893	-	**36,893**
Available-for-sale reserves released to comprehensive statement of income and expenditure	-	(42,780)	-	**(42,780)**
Payment made to BEIS	-	-	(606,171)	**(606,171)**
Balance at 31 March 2016	**-**	**74,701**	**636,861**	**711,562**

	Attributable to equity holders of the Company			
	Ordinary Share capital	Available-for-sale reserve	Profit and Loss Account	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2016	**-**	**74,701**	**636,861**	**711,562**
Net profit	-	-	74,347	**74,347**
Revaluations in other comprehensive income	-	65,832	-	**65,832**
Available-for-sale reserves released to comprehensive statement of income and expenditure	-	(19,299)	-	**(19,299)**
Payment made to BEIS	-	-	(194,488)	**(194,488)**
Balance at 31 March 2017	**-**	**121,234**	**516,720**	**637,954**

In accordance with Article 14, 'Remittance of Cash Proceeds to the Consolidated Fund', and Article 12, 'Retention of Cash', of the company's Articles of Association, a total cash distribution of £194.5 million (2015-16: £606.2 million) was made to BEIS during the reporting year.

The notes on pages 17 to 33 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2017

	Note	For the year to 31 March 2017	For the year to 31 March 2016
		£'000	£'000
Cash flows from operating activities			
Net profit		74,347	109,895
Movement in provision for bad debts	5	-	(28)
Bad debts written off/(written back)	5	(722)	170
Loss arising from the disposal of investment properties	7	-	702
Net changes in fair value on financial assets at fair value through profit or loss	12	(1,133)	(3,329)
Net gain arising from the sale of financial assets	2	(74,730)	(101,185)
Unrealised foreign exchange (gains)/losses and other net (gains)/losses		(1,960)	2,580
(Increase)/decrease in trade and other receivables before bad debt provision and unrealised gains	10	1,685	21,390
Decrease in trade and other payables	14	(384)	(1,839)
Proceeds from the sale of financial assets		206,032	462,824
Proceeds from the sale of investment properties	7	-	31,448
Purchases of financial assets	9	(13,380)	(24,605)
Net cash flow from purchase and sale of foreign currency forward contracts		(35)	3,722
Net cash flows from operating activities		**189,720**	**501,745**
Cash flows from financing activities			
Payment made to BEIS		(194,488)	(606,171)
Net cash used in financing activities		**(194,488)**	**(606,171)**
Net increase/(decrease) in cash and cash equivalents		**(4,786)**	**(104,426)**
Cash and cash equivalents at the beginning of the year		**151,580**	**256,326**
Foreign exchange gains on cash and cash equivalents during the year		1,975	(320)
Cash and cash equivalents at 31 March		**148,787**	**151,580**

The notes on pages 17 to 33 form part of these financial statements.

Notes to the financial statements

Entity information

On 8 February 2012, BIS (Postal Services Act 2011) Company Limited (the "**company**") was incorporated as a private limited company in England and Wales under the Companies Act 2006 (company Number: 07941521).

With effect from 1 April 2012, a provision was made under the Postal Services Act 2011 (Transfer of Assets) Order 2012 (the "**Assets Transfer Order**") to transfer certain assets previously held by the Royal Mail Pensions Trustees Limited (the "**RMPP Trustees**") into the company.

The principal activity of the company is to hold and realise assets in accordance with the Realisation Plan adopted by the shareholders in Part 2 of the company's Articles of Association. The company's residual investment activities are principally managed by Beach Point Capital Management LP, LaSalle Investment Management, Pathway Capital Management LP, Bridgepoint Advisers II Limited, Hamilton Lane COPTL LP and Pantheon Ventures (UK) LLP (the "**Investment Managers**"), with the global custody arrangements delegated to JPMorgan Chase Bank N.A., London Branch.

The company is ultimately owned and controlled by the Secretary of State for Business, Energy and Industrial Strategy ("**BEIS**").

Statement of accounting policies

Basis of preparation

The financial statements of BIS (Postal Services Act 2011) Company Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared in accordance with the disclosure and accounting requirements contained in the Financial Reporting Manual (FReM) where these do not conflict with the Companies Act and the requirements of IFRS. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The financial statements are prepared in accordance with IFRS and Interpretations in force at the reporting date. The company has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards board but have not been adopted will have a material impact on the financial statements.

These financial statements have been prepared for the year ended 31 March 2017.

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments).

These financial statements have been prepared on a going concern basis. The directors have considered the going concern status of the company and feel that the preparation of the financial statements on a going concern basis is not unreasonable. The directors' are of the opinion that the company will continue as a going concern for at least 12 months from the signing of the financial statements for the year ended 31 March 2017.

Presentational currency

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds. The functional currency of the company is pounds sterling.

Note 1 Accounting policies

1.1 Revenue recognition

Revenue comprises the realised gains on the disposal of investments generated in the ordinary course of the company's activities. Revenue is shown net of value-added tax.

The company recognises revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity.

1.2 Financial instruments

The company recognises and measures financial instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of an instrument.

The fair value of financial instruments is determined by reference to quoted market prices where an active market exists for the trade of these instruments. The fair value of financial instruments which are not traded in an active market is determined using generally accepted valuation techniques.

Financial assets are derecognised when the rights to receive future cash flows have expired or are transferred and the company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets

The company's financial assets have been classified into the following categories, which are determined at initial recognition:

- Loans and receivables
- Cash and cash equivalents
- Held at fair value through profit or loss
- Available-for-sale assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets (such as publicly traded debt and equity securities) are based on quoted market bid prices at the close of trading on the nearest trading day.

Loans and receivables

Loans and receivables principally comprise accrued income and short-term receivables. Given the short-term nature of these assets, they are carried at transaction cost.

Cash and cash equivalents

Cash and cash equivalents comprise current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Held at fair value through profit or loss (FVTPL)

The company classifies its investments in equity securities, holdings in a qualifying investment fund and derivatives, as financial assets at fair value through profit or loss (FVTPL). All of the remaining FVTPL financial assets are held as current assets as they held for trading and short term profit taking, and not for long term investment.

Investments held at FVTPL are initially recognised at fair value. Any consequent movement in the valuation of the investment is recognised in the statement of comprehensive income and expenditure. This category has two sub-categories: financial assets held for trading; and those designated at FVTPL at inception.

(i) Financial assets held for trading
A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets designated FVTPL or loss at inception
Financial assets designated at FVTPL are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the company's investment policy.

The purchases and sales of investments are recognised on the trade date, which is the date on which the company commits to purchase or sell the investment. Financial assets at FVTPL are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income and expenditure.

Subsequent to initial recognition, all financial assets held at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of these assets are presented in the statement of comprehensive income and expenditure in the year in which they arise.

Impairments and de-recognition of financial assets held at FVTPL

The company assesses at the end of each reporting year whether there is objective evidence that assets held at FVTPL are impaired. Evidence of impairment arises where there is observable data indicating that there is a measurable decrease in the estimated future cash flows from holding financial assets.

When assets held at FVTPL are deemed to be impaired or derecognised, the associated gains and losses are recognised in the statement of comprehensive income and expenditure.

Financial assets held at FVTPL are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Available-for-sale assets (AFS)

Available-for-sale (AFS) investments are non-derivative financial assets intended to be held for an indefinite period of time and that may be sold in response to liquidity requirements or changes in market prices. AFS investments are initially recognised at fair value. After initial recognition, these financial assets are carried at fair value. Gains and losses arising from changes in the fair value are recognised in other comprehensive income. When securities classified as AFS are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of comprehensive income and expenditure. AFS assets, held by the

company, principally comprise of a number of equity investment vehicles, investments in property funds and debt securities.

The unlisted securities within the private equity investment vehicles are not traded in an active market. The fair value is determined using the latest available valuation provided by the investment managers or at cost less any provisions for impairment when the company is unable to obtain a reliable estimate of fair value from the investment managers. Where a valuation is not available at the reporting date, the most recent valuation from the private equity manager is used, adjusted for cash flows between the most recent valuation and the balance sheet date.

The fair value of the private equity investments are estimated based on a variety of valuation techniques, adopted by the investment managers, that complies with the International Private Equity and Venture Capital (PEVC) Valuation Guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used by the private equity investment managers include the use of earning multiple, discounted cash flow analysis, net asset value and other valuation techniques commonly adopted by market participants.

Impairments and de-recognition of available-for-sale assets

The company assesses at the end of each reporting year whether there is objective evidence that AFS assets are impaired. Evidence of impairment arises where there is observable data indicating that there is a measurable decrease in the estimated future cash flows from holding financial assets.

Gains and losses on AFS assets are recognised as a separate component of equity until the investment is deemed to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income and expenditure.

AFS financial assets are derecognised when the rights to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

Derivative assets and liabilities

The company does not designate any derivatives as hedge instruments in a hedging relationship for the application of cash flow hedge accounting under IAS 39. As a result, all derivatives have been classified as financial assets or liabilities, held for trading, at fair value through profit or loss in accordance with IAS 39.

Derivative assets and financial liabilities are initially measured at fair value. Subsequent to initial recognition, all derivative assets and liabilities are measured at fair value. Gains and losses arising from changes in the fair value of these assets and liabilities are presented in the statement of comprehensive income and expenditure in the year in which they arise.

Financial liabilities

The company's financial liabilities have been classified as other financial liabilities at initial recognition. These comprise trade and other payables. Since these balances are expected to be settled within twelve months of the reporting date, there is no material difference between fair value, amortised cost and historical cost. All other financial liabilities are measured at amortised cost, after initial recognition.

1.3 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a year is used. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are retranslated at the rates of exchange ruling at that date. These translation differences are recognised in the statement of comprehensive income and expenditure.

1.4 Corporation tax

BIS (Postal Services Act 2011) Company Limited, with a registered number of 07941521, is exempt from UK corporation tax for any accounting year in which it is wholly owned by the Crown, by virtue of The Postal Services Act 2011 (Taxation) (Amendment) Regulations 2016.

1.5 Significant accounting estimates and judgements

Other than the accounting estimates and judgements as disclosed in the accounting policies there are no other significant accounting estimates or judgements applied by management.

1.6 Cash distributions

Cash distributions are accounted for in the company's financial statements in the year in which they are approved by the company's directors.

1.7 Changes in accounting policy

There were no changes to the accounting policies in the reporting year.

1.8 Changes to IFRS

These accounts apply EU adopted IFRS and Interpretations in place as at 1 January 2014. The company has reviewed the potential effects of new accounting standards on its financial statements and no material impact is expected other than the item noted below.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement, simplifying the classification and measurement of financial assets as well as amending when and how impairments are calculated and reported, moving from an incurred loss to an expected loss model. This will result in impairments being recognised earlier than under IAS 39.

Note 2 Net realised gains arising from the sale of financial assets

The table below sets out the realised gains or losses arising from the sale of financial assets by category under IAS 39.

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Realised gains/(losses) arising from:		
- the sale of financial assets at fair value through profit or loss	575	4,334
- the sale of available-for-sale financial assets	74,155	96,851
Total realised gains	**74,730**	**101,185**

Note 3 Finance income

The interest income below relates to receipts arising from the company's investment holdings in bank deposits, gilts and corporate bonds.

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Finance income:		
- Dividend income	911	433
- Interest income arising from financial assets	432	2,578
Finance income	**1,343**	**3,011**

Note 4 Other income

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Other income:		
- Rental income from investment properties	-	844
- Investment income derived from available-for-sale property funds	1,942	12,692
Total other income	**1,942**	**13,536**

Note 5a Operating expenses

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Investment management fees and custodian fees	4,963	7,180
Movement in provision for bad debts	-	(28)
Bad debts written off/(written back)	(722)	170
Miscellaneous expenses – See Note 5b	3,041	1,618
Total other costs	**7,282**	**8,940**

Note 5b Auditor's remuneration

The figure of £3.0 million (2015-16: £1.6 million) within Note 5a includes auditor's remuneration as detailed in the following table. During the year to 31 March 2017 the company obtained the following services from the company's auditor:

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Audit fees in respect of the audit of the company financial statements	41	42
Total	**41**	**42**

Note 5c Employees and directors

The directors do not receive remuneration for their services to the company. The company has no employees and does not incur any expenses in respect of the services of its directors.

Note 6 Foreign exchange gains/(losses)

The foreign exchange gains/(losses) charged to the statement of comprehensive income and expenditure are included as follows:

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Other net loss:		
- Realised foreign exchange gains	521	4,778
- Unrealised foreign exchange gains/(losses)	1,960	(6,302)
Total other income	**2,481**	**(1,524)**

Included in the net unrealised foreign exchange gain of £2.0 million (2015-16: £6.3 million loss) are £2.0 million of unrealised foreign exchange losses (2015-16: £0.3 million gains) in respect of cash and cash equivalents.

Note 7 Investment properties

	Company	Company
	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
At 1 April	**-**	**32,150**
Additions	-	-
Disposals	-	(32,150)
Net gain/(loss) arising from fair value adjustments	-	-
At 31 March	**-**	**-**

The company's investment properties were completely disposed of in 2015-16.

During the reporting year, total income of £nil million (2015-16: £1.2 million) was generated from the investment properties and total expenses of £nil million (2015-16: £0.1 million) in respect of the investment properties was recognised in the statement of comprehensive income and expenditure.

During the year, investment properties with a net book value of £nil million (31 March 2016: £32.2 million) were disposed of, generating no loss on disposal (2015-16: loss of £0.7 million).

Note 8 Investment in subsidiary undertakings

In December 2016 the Company's only subsidiary, BIS (Postal Services Act 2011) B Company, was dissolved.

Note 9 Available-for-sale financial assets

The company has determined that the investments in high yield debt securities, private equity investments and property funds are to be classified as available-for-sale financial assets in accordance with IAS 39.

	At 31 March 2017	At 31 March 2016
	£'000	£'000
Available-for-sale financial assets:		
- Corporate bonds (at fair value)	285	1,008
- Private equity investment (at fair value)	420,631	468,788
- Property funds (at fair value)	66,679	80,844
Total	**487,595**	**550,640**

	At 31 March 2017	At 31 March 2016
	£'000	£'000
At 1 April	**550,640**	**886,342**
Additions	13,380	24,605
Disposals	(142,257)	(397,200)
Fair value adjustments	65,832	36,893
At 31 March	**487,595**	**550,640**

During the reporting year, £65.8 million of total gains (2015-16: £36.9 million) due to the fair value adjustments of available-for-sale financial assets were recognised in other comprehensive income. £19.3 million of fair value gains (2015-16: £42.8 million) were reclassified, on de-recognition, from equity to the statement of comprehensive income and expenditure.

Note 10 Trade and other receivables

	At 31 March 2017	At 31 March 2016
	£'000	£'000
Amounts falling due within one year		
Trade receivables	1,781	1,916
Bad debt provision	-	-
Accrued income	-	-
Prepayments and other receivables	-	828
Total	**1,781**	**2,744**

Note 11 Derivative financial instruments

The company held certain foreign exchange derivatives within its residual investments portfolio. These derivatives were originally entered into for the purpose of hedging the underlying foreign exchange risks of certain investments against USD at the portfolio level. These hedges were not formally designated as hedge instruments in a hedging relationship for the application of cash flow hedge accounting under IAS 39. Therefore, all derivatives have been classified as financial assets or financial liabilities, held for trading, at fair value through profit or loss in accordance with IAS 39.

Liquidity risk

The company settles the foreign currency forward contracts on a net cash flow basis in which it pays or receives the fair values of the forward contracts, equating to the mark-to-market valuation of these contracts, at the date of maturity. The total net cash outflow for foreign currency forward contracts in the year to 31 March 2017 was £0.1 million (2015-16: inflow of £3.7 million). The total value of derivative financial instruments at 31 March 2017, as shown on the statement of financial position, was £0.1 million asset (31 March 2016: £0.1 million liability).

The liquidity risk is monitored on an on-going basis by management to ensure that there are sufficient resources available to meet any on-going liabilities. The board of directors is satisfied that the company is a Government-backed entity and that it has sufficient certainty over future cash inflows from investments held and was not therefore exposed to any significant liquidity risk in respect of the settlement of the derivative contracts.

Note 12 Financial assets at fair value through profit or loss

The financial assets held at fair value through profit or loss include equity shares. All of these instruments are classified as financial assets held for trading. In accordance with IAS 39, all financial assets held at fair value through profit or loss were classified as held for trading on transfer in.

	At 31 March 2017	At 31 March 2016
	£'000	£'000
Financial assets		
At the beginning of the year	**9,353**	**13,239**
Additions	-	-
Disposals	(8,365)	(7,215)
Fair value adjustments	1,133	3,329
Reclassifications	-	-
Total financial assets	**2,121**	**9,353**

Note 13 Cash and cash equivalents

	At 31 March 2017	At 31 March 2016
	£'000	£'000
Cash and cash equivalents held by the Government Banking Service (GBS)	136,797	143,311
Cash and cash equivalents held at commercial banks	11,990	8,269
Total	**148,787**	**151,580**

At 31 March 2017, £7.3 million (31 March 2016: £3.6 million) of cash and cash equivalents held by the company is denominated in USD. Since the company uses GBP as its reporting currency, it is exposed to foreign currency exchange rate movement. Management estimates that a shift of +/-5% in the USD/GBP foreign exchange rate would not be deemed unreasonable and would result in an unrealised foreign exchange gain or loss of £0.3 million (31 March 2016: £0.2 million) being recognised in the statement of income and expenditure.

At 31 March 2017, £1.4 million (31 March 2016: £1.8 million) of cash and cash equivalents held by the company is denominated in EUR. Since the company uses GBP as its reporting currency, it is exposed to foreign currency exchange rate movement. Management estimates that a shift of +/-5% in the EUR/GBP foreign exchange rate would not be deemed unreasonable and would result in an unrealised foreign exchange gain or loss of £0.1 million (31 March 2016: £0.1 million) being recognised in the statement of income and expenditure.

Note 14 Trade and other payables

	At 31 March 2017	At 31 March 2016
	£'000	£'000
Amounts falling due within one year		
Trade payables	154	679
Accrued expenses and deferred income	2,054	1,952
Other payables	127	88
Total	**2,335**	**2,719**

Note 15 Financial instruments

Note 15a Financial risk factors

Financial risk management

The company's activities expose it to a variety of financial risks. The company's overall risk management programme seeks to minimise on-going exposure to financial risks by disposing of assets as promptly as reasonably practicable whilst achieving value for money for the taxpayer.

The day-to-day management of financial risks is carried out by the investment managers under policies approved by the company's management team. The management team provides written principles for overall risk management, as well as specific instructions covering the manner in which different classes of assets should be realised to meet its objectives.

Market risk

The company is exposed to market risk, primarily related to foreign currency exchange rates, interest rates and price risks. To manage the exposure to market risk, the company actively seeks to dispose of any liquid and volatile assets as promptly as reasonably practicable whilst achieving value for money for the taxpayer.

i. Foreign exchange risk

The company uses GBP as its reporting currency. As a result, the company is exposed to foreign currency exchange rate movements. The primary foreign exchange risks are USD and EUR due to its holdings in foreign currency denominated fixed income instruments and its investments in various private equity investment vehicles that have exposure to European and North American regions. The sterling value of the company's balance sheet can be affected by movements in exchange rates.

The table below summarises the sensitivity of the company's monetary assets to changes in foreign exchange movements at 31 March 2017. The analysis is based on the assumption that the relevant foreign exchange rate increased/decreased against GBP by the percentage disclosed in the table below with all other variables held constant. Management estimates that a movement in the foreign exchange rates of +/- 5% would not be unreasonable, having regards to the historical volatility of those rates. The increase or decrease in the net assets arises primarily from a change in the fair value of USD and EUR denominated unquoted equity of the private equity portfolio and fixed interest securities that are classified as available-for-sale financial assets.

	Reasonable movement in rate	Impact on net assets	Impact on net assets
		At 31 March 2017	At 31 March 2016
Currency	**%**	**£'000**	**£'000**
US dollar denominated monetary assets	+/- 5%	+/- 11,850	+/- 12,691
Euro denominated monetary assets	+/- 5%	+/- 9,180	+/- 10,708

ii. Price risk

The company's strategy for managing price risk principally focuses on the disposal of highly volatile and liquid assets as promptly as possible whilst realising value for money for the taxpayer. During the financial year, the company continued to actively dispose of its investments, where practicable, to minimise its on-going exposure to price risk. The residual investments at 31 March 2017 were predominantly comprised of less liquid and highly diversified investments, including investments in private equity investment vehicles, high yield debt securities and property funds.

The sensitivity analysis below has been determined based on the exposure to each material price risk at the reporting date.

The company's private equity portfolio is primarily composed of investments in European and North American unquoted shares. During the year the company recognised a market value increase on its private equity portfolio of £60.0 million (2015-16: £28.9 million). If the valuation had been 5% higher/lower, the total value would have increased/decreased by a further £3.0 million (2015-16: £1.4 million), with the movement being recognised in other comprehensive income.

The fair value movement of debt securities is driven by the fluctuations in market interest rates. The fair value interest risk is further discussed below. The price risk on the investments in property funds is not expected to be material.

The performance of investments held by the company is monitored by management on a monthly basis.

iii. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and future cash flows. The company holds fixed interest securities that expose the company to fair value interest rate risk. The company also holds floating rate securities that are exposed to cash flow interest rate risk.

The company's principle risk management strategy is to manage the fair value risk by holding the high yield debt securities until maturity. At 31 March 2017, the high yield debt securities were valued at £0.3 million (31 March 2016: £1.0 million), and of this, 100% are fixed interest debt securities (31 March 2016: 100%).

The company have no short or long term borrowings and is not therefore exposed to risk in respect of variable interest rate payments.

Credit risk

The company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the company is exposed arises from the company's investments in debt securities. The overall risk of the debt securities is deemed to be immaterial.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The liquidity risk is monitored on an on-going basis to ensure that there are sufficient resources available to meet any on-going liabilities. The company is a Government-backed entity. In addition, the board of directors are satisfied that it has sufficient certainty over future cash inflows from the investments held and that the company was not therefore exposed to any significant liquidity risk.

In addition, cash flow is monitored on an on-going basis to ensure there are sufficient cash balances to pay any on-going operational costs or commitments in respect of uncalled capital amounts payable to relevant investment managers, as and when they fall due.

Note 15b Fair value estimation

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the company's assets and liabilities that are measured at fair value at 31 March 2017.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Financial assets at fair value through profit or loss				
- Derivatives	-	5	-	**5**
- Trading securities	2,121	-	-	**2,121**
Available-for-sale assets	285	-	487,310	**487,595**
Total assets	**2,406**	**5**	**487,310**	**489,721**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives	-	-	-	-
Total liabilities	-	-	-	-

The following table presents the company's assets and liabilities that are measured at fair value at 31 March 2016.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Financial assets at fair value through profit or loss				
- Derivatives	-	-	-	-
- Trading securities	9,353	-	-	**9,353**
Available-for-sale assets	1,008	-	549,632	**550,640**
Total assets	**10,361**	-	**549,632**	**559,993**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives	-	(36)	-	**(36)**
Total liabilities	-	**(36)**	-	**(36)**

The following table presents the movement in Level 3 instruments for the year ended 31 March 2017 by class of financial instrument:

	Private equity investments	Property funds	Total
	£'000	£'000	£'000
At the beginning of the year	**468,788**	**80,844**	**549,632**
Additions	13,379	-	**13,379**
Disposals	(121,551)	(20,664)	**(142,215)**
Net changes in fair value	60,015	6,499	**66,514**
Reclassifications	-	-	-
At 31 March 2017	**420,631**	**66,679**	**487,310**

The following table presents the movement in Level 3 instruments for the year ended 31 March 2016 by class of financial instrument:

	Private equity investments	Property funds	Total
	£'000	£'000	£'000
At the beginning of the year	**563,440**	**208,045**	**771,485**
Additions	19,991	-	**19,991**
Disposals	(143,124)	(130,394)	**(273,518)**
Net changes in fair value	28,481	3,193	**31,674**
Reclassifications	-	-	-
At 31 March 2016	**468,788**	**80,844**	**549,632**

Note 15c Financial instruments by category

31 March 2017

	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Total
	£'000	£'000	£'000	£'000
Assets as per balance sheet				
Available-for-sale financial assets	-	-	487,595	**487,595**
Trade and other receivables excluding prepayments	1,781	-	-	**1,781**
Financial assets at fair value through profit or loss (including Derivatives)	-	2,126	-	**2,126**
Cash and cash equivalents	148,787	-	-	**148,787**
Total	**150,568**	**2,126**	**487,595**	**640,289**

31 March 2016				
	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Total
	£'000	£'000	£'000	£'000
Assets as per balance sheet				
Available-for-sale financial assets	-	-	550,640	**550,640**
Trade and other receivables excluding pre-payments	2,744	-	-	**2,744**
Financial assets at fair value through profit or loss	-	9,353	-	**9,353**
Cash and cash equivalents	151,580	-		**151,580**
Total	**154,324**	**9,353**	**550,640**	**714,317**

Note 16 Income tax expense

	For the year to 31 March 2017	For the year to 31 March 2016
	£'000	£'000
Profit before tax	**74,347**	**109,895**
Tax on profit at 20% (31 March 2016 – 21%)	14,869	21,979
Items not chargeable to UK corporation tax	(14,869)	(21,979)
Income not taxable	-	-
Expenses allowable for tax purposes	-	-
Tax expense for the year	-	-

BIS (Postal Services Act 2011) Company Limited is exempt from UK corporation tax for the year to 31 March 2017. Further information is given in note 1.4.

Note 17 Share capital

	At 31 March 2017		At 31 March 2016	
	Number of shares	Ordinary shares	Number of shares	Ordinary shares
		£'000		£'000
Allotted				
1 allotted, called up and unpaid share of £1	1	-	1	-
At 31 March	**1**	**-**	**1**	**-**

At the date of incorporation, one share was issued at par with a nominal value of £1. The £1 remains unpaid at 31 March 2017.

Note 18 Contingent liabilities

At 31 March 2017, there were no contingent liabilities.

Note 19 Commitments

At 31 March 2017, company no contractual obligations in respect of repair, maintenance or enhancement of the investments properties (31 March 2016: £0.1 million). These amounts are due in less than one year.

The company are required to fulfil capital contributions in respect of the private equity funds and property funds classified within the available-for-sale financial instruments. At 31 March 2017, the total unfunded commitment was £98.3 million (31 March 2016: £101.1 million) which is payable on demand with no set date for repayment.

Note 20 Ultimate controlling party

The ultimate controlling party for the company is the Secretary of State for Business, Energy and Industrial Strategy (**"BEIS"**). These company financial statements are consolidated within the Department for Business, Energy and Industrial Strategy financial statements.

Note 21 Related-party transactions

Under Article 14, *'Remittance of Cash Proceeds to the Consolidated Fund'*, and Article 12, *'Retention of Cash'*, of the **company's** Articles of Association, the company has an obligation to reimburse **'excess cash'** to its immediate parent company BEIS. A total cash remittance of £194.5 million was paid to BEIS during the year to 31 March 2017 (2015-16: £606.2 million).

Note 22 Events after the reporting period

No material events have occurred since the end of the financial year that may significantly affect the financial performance or position of the reporting entity.