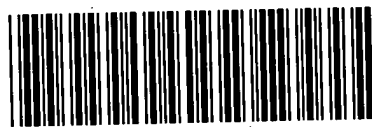


Company Registration No. 02275780 (England and Wales)

DHL Express (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2021**

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DHL Express (UK) Limited

Company information

Directors	Frederik Labaere Richard Ian Bowman Elouise Glencastle
Company number	02275780
Registered office	Southern Hub, Unit 1 Horton Road Colnbrook Berkshire SL3 0BB
Independent auditors	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

DHL Express (UK) Limited
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DHL Express (UK) Limited

Strategic report

For the year ended 31 December 2021

The Directors present their strategic report on the company for the year ended 31 December 2021.

Review of the business

The principal activities of the company during the year were to provide freight transportation services throughout the UK and Europe.

Year on year revenue has decreased by 25.7% to £5,316,000 in 2021, compared to £7,158,000 in 2020. Cost of sales decreased by 21.3% from £6,899,000 in 2020 to £5,430,000 in 2021. This resulted in a decrease in gross profit from £259,000 in 2020 to £114,000 loss in 2021, equating to a decrease in gross profit margin from 3.6% (2020) to -2.1% (2021). The operating net loss for the year is £1,292,000 (2020: £948,000 loss).

The company has net liabilities, excluding pension plan liabilities, of £4,746,000 (2020: £3,744,000) and net assets, including pension plan assets, of £7,654,000 (2020: £5,044,000 net liabilities) as at 31 December 2021. The Directors have received confirmation that Deutsche Post AG intends to support the company for at least one year from the date that the financial statements are signed.

Future outlook and post balance sheet events

The freight transportation industry remains a highly competitive market to operate in due to the high number of low cost operators within the market. DHL Express (UK) Limited will continue to make the necessary changes to remain competitive in the market. Following the restructure in 2017, the focus of the business has moved away from Domestic UK market with the emphasis now being a strategic partner for the European DHL Freight business.

Principal risks and uncertainties

The Directors of DHL Express (UK) Limited manage the principal risks of the group at a group level, rather than at an individual business unit level. The following are some of the key risks and uncertainties considered at both group and individual level:

DHL Express (UK) Limited

Strategic report (continued)

For the year ended 31 December 2021

Competition

The company is in competition with other providers. Such competition can significantly impact our customer base as well as the level of prices and margins in our markets. In the logistics business, the key factors for success are quality, customer confidence and competitive prices. Our current focus is to develop a model which meets the requirements of the group and its key European customers so as to provide Europe wide (including UK) high quality end to end service.

Risks arising from internal processes

Logistics services are generally provided in bulk and require a complex operational infrastructure with high quality standards. To consistently guarantee reliability and punctual delivery, processes must be organised so as to proceed smoothly with no technical or personnel-related glitches. Any weaknesses with regard to posting and collection, sorting, transport, warehousing or delivery could seriously compromise our competitive position. We therefore adapt all processes to current circumstances as needed. We also take preventive measures to guard against disruptions or malfunctions in our operational processes. Should disruptions nonetheless occur, contingency plans will come into effect to minimise the consequences. Some risks from business interruptions are also reduced by our insurance policies.

Risks arising from corporate strategy

Our future success depends above all on general factors such as trends in the competitive environment, costs and quantities transported. Our focus has shifted to non-domestic business with an emphasis on being a strategic partner for the European business.

Risks arising from human resources

It is the motivation and competence of our employees that make a good impression on our customers and thus shape our long-term success. Demographic change and increased competition for qualified specialists and executives mean that the pool of potential young talent is becoming smaller. The risk therefore exists that we may not be able to recruit and retain a sufficient number of suitable employees. We plan to take various measures to decrease this risk. For example, we place great importance in providing a motivational work environment and suitable professional and employee development programmes.

Risks arising from information technology

The security of our information systems is particularly important to us. The goal is to ensure continuous IT system operation and prevent unauthorised access to our systems and databases. To fulfil this responsibility, the Information Security Committee, a sub-committee of the IT Board, has defined standards, procedures and guidelines based on ISO 27001, the international standard for information security management. In addition, Group Risk Management, IT Audit, Data Protection and Corporate Security monitor and assess IT risk on an ongoing basis. For our processes to run smoothly at all times, the essential IT systems must be constantly available. We ensure this by designing our systems to protect against complete system failures. In addition to third-party data centres, we operate two central data centres in the Czech Republic and Malaysia. Our systems are thus geographically separate and can be replicated locally.

DHL Express (UK) Limited

Strategic report (continued)

For the year ended 31 December 2021

Risks arising from information technology (continued)

We limit access to our systems and data. Employees can only access the data they need to do their job. All systems and data are backed up on a regular basis and critical data are replicated across data centres.

All of our software is updated regularly to address bugs, close potential gaps in security and increase functionality. We employ a patch management process - a defined procedure for managing software upgrades - to control risks that could arise from outdated software or from software upgrades.

Due to the measures described above, we estimate the probability of a significant and momentous incident in the IT sector as being very unlikely so that the risk has an overall low relevance.

Key Performance Indicators

The Directors of the company manage the key performance indicators at a group level. The main key performance indicators are considered to be revenue growth and profitability and these trends are analysed in the review of Deutsche Post AG.

On behalf of the Board

Frederik Labaere
(DHL BE)

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Labaere (DHL BE)
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Frederik Labaere

Director

28 September 2022

DHL Express (UK) Limited

Directors' report

For the year ended 31 December 2021

The Directors present their annual report and the audited financial statements of the company for the year ended 31 December 2021.

Future outlook

The Directors present the future outlook of the company in the Strategic report on Page 1.

Results and dividends

The loss for the financial year amounted to £1,292,000 (2020: £948,000).

The directors have not recommended or paid any dividends during the financial year (2020: Nil).

Directors

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

Frederik Labaere
Richard Ian Bowman
Elouise Glencastle

Financial risk management

The company's operations expose it to a variety of financial risks that mainly include the effects of changes in price risk and credit risk. Liquidity risk and interest rate cash flow risk are not considered risks as the company currently has no requirements for debt finance but maintains sufficient cash funds for operations and its only interest bearing assets are in the form of cash balances.

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the cash flow requirements of the company as part of the wider Deutsche Post Group. The company does not use derivative financial instruments to manage commodity and foreign currency costs and as such, no hedge accounting is applied.

Given the size of the company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of Directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk for fuel as a result of its operations. The company has a policy of entering into long-term pricing agreements to manage the exposure to commodity price risk. The Directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on customers before sales are made.

DHL Express (UK) Limited

Directors' report (continued)

For the year ended 31 December 2021

Financial risk management (continued)

Credit risk (continued)

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Interest rate cash flow risk

The company has interest bearing liabilities. The company has a policy of trying to maintain debt at fixed rates to ensure certainty of future interest cash flows; this is achieved in so far as market rates allow by taking up term loans with fellow subsidiaries. The Directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Political and charitable contributions

The company made no political or charitable donations (2020: £nil) during the year.

Employee involvement

The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

The company has continued its practice of keeping employees informed on a regular basis of financial and economic factors affecting performance, current activities, progress and general matters of interest in the business through personal briefings, television, the in-house magazine and newsletters.

Disabled employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the company continues employment wherever possible and will arrange retraining.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned.

DHL Express (UK) Limited

Directors' report (continued)

For the year ended 31 December 2021

Involving UK employees in the entity's affairs

In order to provide information to employees, the Senior Management Team meet on a quarterly basis and in these forums financial updates are shared by the business to allow further communication to be cascaded to the employees. To support this communication channel the business also conducts Departmental meetings, in which the Management Team across the Business Unit provide business updates to colleagues.

The company does not currently operate a Share Scheme for employees, however there is an annual bonus scheme which is eligible for certain management graded employees.

Equalities Act Compliance

The company is fully committed to the Equalities Act legislation in recruitment processes and in overall employment responsibility to those who fall under the protected characteristic terms, ensuring that they do not receive less favourable treatment.

Going concern

The company has net assets, including pension plan assets, of £7,654,000 (2020: £5,044,000 net liabilities) at 31 December 2021. The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Deutsche Post AG. The Directors have received confirmation that Deutsche Post AG intends to support the company for at least one year from the date that these financial statements are signed.

Directors' indemnities

The company maintains liability insurance for its Directors and officers. The company also provided an indemnity for its Directors and the secretary, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force.

Future outlook and post balance sheet events

Commentary has been included within the strategic report on page 1.

DHL Express (UK) Limited

Directors' report (continued)

For the year ended 31 December 2021

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, Saffery Champness LLP, have indicated their willingness to continue in office and a resolution covering their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Frederik Labaere
Director
28 September 2022

Frederik
Labaere (DHL
BE)

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Frederik Labaere (DHL
BE)
Date: 2022.09.28
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Independent auditors' report to the members of DHL Express (UK) Limited for the year ended 31 December 2021

Opinion

We have audited the financial statements of DHL Express (UK) Limited for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of DHL Express (UK) Limited for the year ended 31 December 2021 (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Independent auditors' report to the members of DHL Express (UK) Limited for the year ended 31 December 2021 (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

Independent auditors' report to the members of DHL Express (UK) Limited for the year ended 31 December 2021 (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Saffery Champness LLP

.....
Michael Strong (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Bristol
BS8 1BQ

28 September 2022

DHL Express (UK) Limited

Statement of comprehensive income

For the year ended 31 December 2021

	Note	Total	Total
		2021	2020
		£000	£000
Revenue	3	5,316	7,158
Cost of sales		(5,430)	(6,899)
(Gross Loss)/ gross profit		(114)	259
Administrative expenses		(1,157)	(1,371)
Other income		-	91
Operating (loss)	4	(1,271)	(1,021)
Finance costs	7	(21)	(27)
Finance income	8	-	100
(Loss)/profit before taxation		(1,292)	(948)
Tax on (loss)/profit	9	-	-
(Loss)/profit for the financial year		(1,292)	(948)
Other comprehensive expense			
Actuarial gain/(loss) on defined benefit pension schemes	11	13,990	(6,900)
Total comprehensive expense for the year		12,698	(7,848)

The results for the financial year are derived entirely from continuing operations.

DHL Express (UK) Ltd

Statement of financial position

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Property, plant and equipment	10	119	126
Other non-current assets			
Pensions and similar plan assets	11	12,400	-
Current assets			
Trade and other receivables	12	1,939	1,761
Cash at bank and in hand		-	-
		1,939	1,761
Creditors - amounts falling due within one year	13	(5,907)	(4,699)
Net current (liabilities)		(3,968)	(2,938)
Total assets less current liabilities		8,551	(2,812)
Provisions for liabilities			
Pensions and similar obligations	11	-	(1,300)
Other provisions	14	(897)	(932)
Net assets/(liabilities)		7,654	(5,044)
Equity			
Called up share capital	15	15,302	15,302
Share premium account		96,246	96,246
Other reserves		358,700	358,700
Retained loss		(462,594)	(475,292)
Total equity		7,654	(5,044)

The financial statements on pages 12 to 39 were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

Frederik Labaere
Director
28 September 2022

Frederik
Labaere
(DHL BE)

Digitally signed by
Frederik Labaere
(DHL BE)
Date: 2022.09.28
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DHL Express (UK) Limited

Statement of changes in equity

For the year ended 31 December 2021

	Called up share capital	Share premium account	Other reserves	Accumulated losses	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2020	15,302	96,246	358,700	(467,444)	2,804
Loss for the financial year	-	-	-	(948)	(948)
Other comprehensive expense:					
Actuarial loss on defined benefit plans	-	-	-	(6,900)	(6,900)
Total comprehensive expense for the year	-	-	-	(7,848)	(7,848)
Capital contribution from parent undertaking	-	-	-	(4)	(4)
Recharge of share appreciation rights	-	-	-	4	4
Balance at 31 December 2020	15,302	96,246	358,700	(475,292)	(5,044)
Year ended 31 December 2021					
Loss for the financial year	-	-	-	(1,292)	(1,292)
Other comprehensive expense:					
Actuarial gain on defined benefit plans	-	-	-	13,990	13,990
Total comprehensive gain for the year	-	-	-	12,698	12,698
Balance as at 31 December 2021	15,302	96,246	358,700	(462,594)	7,654

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies

General Information

DHL Express (UK) Limited is a private company limited by shares incorporated and domiciled in England. The registered office is Southern Hub, Unit 1, Horton Road, Colnbrook, Berkshire, SL3 0BB.

The principal activity of the company during the year was to provide freight transportation services for industrial, commercial and retail businesses throughout the UK and Europe.

Statement of compliance

The individual financial statements of DHL Express (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant 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.

1.1. Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, being Financial Reporting Standard 102 (FRS 102).

The preparation of financial statements in conformity with FRS 102 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical judgements and estimates in applying the accounting policies' on page 23.

1.2. Going concern

The company has net assets of £7,654,000 at 31 December 2021 (2020: £5,044,000 net liabilities). The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Deutsche Post AG. The Directors have received confirmation that Deutsche Post AG intends to support the company for 12 months from after these financial statements are signed.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.3. Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that members is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Deutsche Post AG which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- disclosing share based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, concerning its own equity instruments;
- the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

1.4. Foreign exchange

(i) Functional and presentational currency

The company's functional and presentational currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates on monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.5. Revenue

Revenue represents the amounts billed to customers for services provided in respect of the company's principal activity of freight services during the financial year (net of value added tax and trade discounts).

Revenue is recognised at the point when freight is delivered to customers, except for revenue related to the service of a material freight contract. Revenue on this contract is invoiced only when agreed with the customer. So as to ensure that the accrued income is not greater than the net realisable value of the future invoiced revenue, accrued revenue on unbilled services less than three months old are accrued at the effective invoice rate, while no revenue is accrued for unbilled services older than three months.

1.6. Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements, share based payments and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company is a participating employer in a single common, defined contribution section of a pension scheme operating under a Master Trust arrangement, of which all full time employees, subject to pension fund rules, are eligible to become members. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge disclosed in note 6 represents contributions payable by the company to the fund.

(iii) Share appreciation rights

The ultimate holding company, Deutsche Post AG, grants share appreciation rights in its shares, to certain employees of the company. As Deutsche Post AG has the obligation to settle the transaction in cash, the company accounts for the awards as equity settled. The company records an expense in the statement of comprehensive income over the vesting period and credits other reserves within equity with the capital contribution from the parent. When Deutsche Post AG recharges the company for the cost of the share appreciation rights issued to the company's employees, the company debits other reserves.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.6. Employee benefits (continued)

(iii) Share appreciation rights (continued)

Share appreciation rights are measured on the basis of an option pricing model in accordance with Section 26 of FRS 102. The share appreciation rights are measured on each reporting date and on the settlement date. The amount determined for share appreciation rights that will probably be exercised is recognised pro rata in income under staff costs to reflect the services rendered as consideration during the vesting period.

The company has taken advantage of the transition exemption under paragraph 35.10(b) of FRS 102 in respect of share based payment transactions on the date of transition to FRS 102 (1 January 2014) and have elected not to apply Section 26 Share based payments to equity instruments granted before the date of transition to FRS 102. The previous framework has been applied to instruments granted prior to the date of transition.

1.7. Furlough income

During the prior year the company received money through the Coronavirus job retention scheme (CJRS). This was recognised in other income. Wages continued to be recognised at their gross value. The recognition point for this income is in the month in which the wage cost is recognised.

1.8. Defined benefit pension scheme

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.9. Taxation

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that resulted in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

The company has entered into an agreement regarding UK corporation tax payments and refunds with Exel Limited, a fellow group undertaking. Under the terms of this agreement Exel Limited has undertaken to discharge the current and future UK corporation tax liabilities on behalf of and benefit from any tax recoverable due to, the company. The company recognises its UK corporation tax and deferred tax liabilities but as such liabilities are indemnified by Exel Limited an indemnification asset for the amount due from Exel Limited is also recognised in the statement of financial position until the amount is settled on the company's behalf. The net tax charge on the profit or loss on ordinary activities that has been indemnified by Exel Limited is netted against the indemnification amount due from Exel Limited in the statement of comprehensive income.

As a result of the above agreement with Exel Limited the company will not benefit from the reversal of deferred tax assets and consequently these are not recognised in the financial statements.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.10. Property, plant and equipment and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and accumulated impairment together with any incidental expense of acquisition. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Depreciation is calculated to write off the cost of the assets less their residual values on a straight line basis over their estimated useful economic lives at the following rates:

Short leasehold properties	- over the lease term of 25-80 years
IT equipment	- over 4 – 5 years

Residual values are calculated on prices prevailing at the date of acquisition.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income and included in 'Administrative expenses'.

1.11. Leases

At inception, the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the period of the lease term.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.12. Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent to the asset.

If the recoverable amount of an asset is estimated to be lower than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

1.13. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.14. Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Amounts provided are discounted taking into account the time value of money.

In particular, restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

1.15. Accrued income

Accrued income represents unbilled elements of parcel delivery services provided in the period.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.16. Financial instruments

The company has chosen to adopt the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

1.16. Financial instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.17. Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company

1.18. Related party transactions

The company has taken advantage of the exemptions as provided by section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Deutsche Post AG group or investees of the Deutsche Post AG group. The company discloses transactions with related parties which are not wholly owned with the same group in note 18.

2. Critical accounting judgements and key sources of estimation uncertainty

i) Exercise of judgement in applying the accounting policies

The preparation of FRS 102-compliant financial statements requires the exercise of judgement by management. All estimates are reassessed on an ongoing basis and are based on historical experience and expectations with regard to future events that appear reasonable under the given circumstances.

ii) Estimates and assessments made by management

The preparation of the financial statements in accordance with FRS 102 requires management to make certain assumptions and estimates that may affect the amounts of the assets and liabilities included in the Statement of Financial Position, the amounts of income and expenses, and the disclosures relating to contingent liabilities. Examples of the main areas where assumptions, estimates and the exercise of management judgement occur are the recognition of provisions and the calculation of deferred taxes.

- Liabilities and provisions

Potential liabilities which the company has provided for are detailed in note 14. Management regularly analyses the information currently available about these provisions and recognises provisions for any probable obligations. Where deemed appropriate, internal or external experts are also consulted in making such assessments. In deciding on the necessity for a provision, management takes into account the probability of an unfavourable outcome and whether the amount of the obligation can be estimated with sufficient reliability.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

All assumptions and estimates are based on the circumstances prevailing and assessments made at the reporting date. For the purpose of estimating the future development of the business, a realistic assessment was also made at that date of the economic environment likely to apply in the future to the different sectors and regions in which the company operates. In the event of developments in this general environment that diverge from the assumptions made, the actual amounts may differ from the estimated amounts. In such cases, the assumptions made and, where necessary, the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

At the date of preparation of these financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available it is not expected that there will be significant adjustments in financial year 2021 to the carrying amounts of the assets and liabilities recognised in the financial statements.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

3. Revenue

All revenue is attributable to the company's principal activity of freight services.

	2021	2020
	£000	£000
UK sales	2,314	2,798
Other EU sales	2,974	4,324
Non-EU sales	28	36
	5,316	7,158

4. Operating (loss)/profit

	2021	2020
	£000	£000
Operating loss for the year is stated after charging/(crediting):	£000	£000
Exchange losses/(gains)	29	(3)
Fees payable to the company's current auditors for the audit of the company's financial statements	21	22
Depreciation of owned property, plant and equipment	10	10
Operating lease rentals - plant and machinery	34	28
Write off of trade receivables	1	-

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

5. Directors' remuneration	2021	2020
	£000	£000
Remuneration for qualifying services	177	164
Company contributions paid to money purchase pension schemes in respect of 2 (2020: 2) directors	14	13
	191	177

In addition, the emoluments of one of the Directors is paid by DHL Freight Belgium NV which do not recharge the company. This particular Director is Director of the company and other subsidiary undertakings and it is not possible to make an accurate apportionment of the emoluments in respect of each subsidiary. The total emoluments paid to this particular Director is disclosed in the financial statements of DHL Belgium NV. As the Director is not remunerated in the UK the earnings are not disclosed in these financial statements.

6. Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Management	2	2
Administration	6	4
Operational	99	42
	107	48

The average monthly number of persons employed by the company but recharged to other group entities during the year was:

	2021	2020
	Number	Number
Operational	(89)	(32)

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

6. Employees (continued)

Their aggregate remuneration comprised:

	Note	2021	2020
		£000	£000
Wages and salaries		4,240	2,149
Social security costs		418	199
Defined contribution pension costs		219	139
Defined benefit pension cost	11	390	400
Share appreciation rights		-	4
		5,267	2,891

7. Finance costs

	2021	2020
	£000	£000
Interest payable to group undertakings	21	24
Other	-	3
	21	27

8. Finance income

	2021	2020
	£000	£000
Interest on the net defined benefit asset	-	100
	-	100

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

9. Tax on loss

a) Tax on loss on ordinary activities

A fellow group undertaking, Exel Limited, has undertaken to discharge the company's liability to UK corporation tax. The company has also agreed that Exel Limited will benefit from any tax recoverable. The indemnification asset arising under this agreement, if any, is disclosed in other debtors.

	2021	2020
	£000	£000
Current Tax		
UK Corporation Tax on the profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	78	583
Impact of changes in tax rates	(1,508)	(608)
Adjustments in respect of prior years	(748)	(32)
Movement on UK deferred tax not recognised	2,178	57
Total deferred tax	-	-
Total tax on profit/(loss)	-	-

b) Tax expense included in other comprehensive income

	2021	2020
	£000	£000
Current tax		
	-	-
Deferred tax		
Origination and reversal of timing differences	2,658	(1,311)
Impact of changes in tax rates	258	(56)
Adjustments in respect of prior years	-	20
Movement on UK deferred tax not recognised	(2,916)	1,347
Total	-	-

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

9. Tax on loss (continued)

c) Reconciliation of tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit/(loss) on ordinary activities before taxation	(1,292)	(948)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(245)	(180)
Effects of:		
Income not subject to UK tax	(3)	-
Transfer pricing adjustments	4	5
Impact of changes in tax rates	(1,508)	(608)
Group relief surrendered to other group companies	322	758
Adjustments in respect of prior years	(748)	(32)
Movement on UK deferred tax not recognised	2,178	57
Tax charge for the year	-	-

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

9. Tax on loss (continued)

c) Deferred tax

A summary of the company's deferred tax asset is as follows:

	2021	2020
	£000	£000
Decelerated capital allowances	806	735
Other timing differences	8	5
Post-employment benefits	(3,100)	275
Trading and other losses	8,701	6,138
Net deferred tax asset	6,415	7,153

Deferred tax is calculated at rates between 19% and 25% (2020: at 19%).

The company had a net deferred tax asset at 31 December 2021 of £6,415,000 (2020: £7,153,000) which has not been recognised in the financial statements because the company will not benefit from the reversal of deferred tax assets as a result of an agreement entered into with Exel Limited.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

10. Property, plant and equipment

	Short leasehold properties	IT equipment	Total
	£000	£000	£000
Cost			
At 1 January 2021	199	22	221
Additions	-	3	3
Disposals	(7)	(9)	(16)
At 31 December 2021	192	16	208
Accumulated depreciation			
At 1 January 2021	82	13	95
Charge for the year	6	4	10
Disposals	(7)	(9)	(16)
At 31 December 2021	81	8	89
Net book amount			
At 31 December 2021	111	8	119
At 31 December 2020	117	9	126

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

11. Pensions and similar obligations

Defined contribution schemes

The company's employees, upon qualification, are eligible to participate in the DHL Group Retirement Plan ("the Scheme"). The funded Scheme has both defined benefit and defined contribution sections. The assets of the Scheme are held separately from the company in a trustee-administered fund.

a) Defined Contribution Section

The pension expense charged for the defined contribution section of the scheme was £219,000 (2020: £139,000) and the amount of contributions payable at the year-end was £41,000 (2020: £16,000).

b) Defined Benefit Section

The pension expense charged to administrative expenses makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised in other comprehensive income.

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2021 and projected to 31 December 2021 by a qualified independent actuary. The service cost has been calculated using the Projected Unit Method.

A decision was made during 2013 to close the defined benefit section, to future accrual on a defined benefit basis with an effective date of 31 March 2014. From that date all active members have become deferred members and are accruing benefits on a defined contribution basis.

Defined benefit schemes

Amounts recognised in the statement of comprehensive income:

	2021	2020
	£000	£000
Net interest on defined benefit (asset)/liability	-	(100)
Administration costs incurred during the year	390	400
Asset	390	300

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

11. Pensions and similar obligations (continued)

Amounts taken to other comprehensive income/(expense):

	2021	2020
	£000	£000
Total return on plan assets	(6,790)	(14,000)
Interest income on plan assets	1,900	2,800
Return on scheme assets	(4,890)	(11,200)
Actuarial (gain)/loss related to obligations	(9,100)	18,100
Remeasurement effects recognised in other comprehensive income	(13,990)	6,900
Total defined benefit remeasurement (credit)/cost	(13,600)	7,200

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2021	2020
	£000	£000
Present value of defined benefit obligations	149,800	160,800
Fair value of plan assets	(162,200)	(159,500)
(Surplus)/deficit in scheme	(12,400)	1,300

Movements in the present value of defined benefit obligations:

	2021	2020
	£000	£000
Liabilities at 1 January	160,800	143,000
Benefits paid	(3,800)	(3,000)
Actuarial losses/(gain)	(9,100)	18,100
Interest cost	1,900	2,700
At 31 December	149,800	160,800

DHL Express (UK) Limited**Notes to the financial statements (continued)****For the year ended 31 December 2021****11. Pensions and similar obligations (continued)**

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2021	2020
	£000	£000
Fair value of assets at 1 January	159,500	148,800
Interest income	1,900	2,800
Return on plan assets (excluding amounts included in net interest)	4,890	11,200
Benefits paid	(3,800)	(3,000)
Contributions by the employer	100	100
Administrative expenses	(390)	(400)
At 31 December	162,200	159,500

Key assumptions:

	2021	2020
	%	%
Discount rate	1.90%	1.20%
Price inflation	3.50%	2.75%
Pension increase for in payment benefits (DBC)		
- LPI 5%	3.30%	2.70%
- LPI 2.5%	2.20%	1.95%

Mortality assumptions

The mortality before retirement age for men is 109% of Normal Heavy mortality table S3NMA_H and for women is 106% of Pensioner Heavy mortality table S3PFA_H. The mortality after retirement age for men (non-executives) is 109% of Normal Heavy mortality table S3NMA_H, and for men (executives) is 109% of Normal Light mortality table S3NMA_L. For women this is 106% of Pensioner Heavy mortality table S3PFA_H. Allowance is made for future improvements in mortality based on CMI 2020 projections from 2013 and a long term trend-rate of 1.5% p.a for all members. The assumptions have been updated from the previous year end to be in line with the assumptions used by the Trustees for the 2021 funding valuation but with margins for prudence removed.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

11. Pensions and similar obligations (continued)

Fair value of plan assets at the reporting year end:

	2021	2020
	£000	£000
Equity instruments	18,700	16,907
Debt instruments	122,400	122,177
Property	8,600	7,975
Derivatives	8,500	-
Cash and other	4,000	12,441
Cost recognised in comprehensive income	162,200	159,500

12. Trade and other receivables

	2021	2020
Amounts falling due within one year:	£000	£000
Trade receivables	118	195
Amounts owed by group undertakings	1,325	424
Prepayments and accrued income	496	290
VAT receivable	-	852
	1,939	1,761

Within amounts owed by group undertakings is cash at bank of £164,000 (2020: £151,000) that is repayable by the parent Deutsche Post AG on demand, is unsecured and bears interest 0.0% (2020: 0.0%).

The amounts owed by group undertakings are unsecured, interest free and repayable within group intercompany credit terms, which is 30 days.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

13. Creditors – amounts falling due within one year

	2021	2020
	£000	£000
Trade payables	481	736
Amounts owed to group undertakings	4,201	2,961
Taxation and social security	466	90
Other payables	86	100
Accruals and deferred income	673	812
	5,907	4,699

The amount owed to group undertakings is unsecured, interest free, and repayable within group intercompany credit terms, which is 30 days.

14. Other provisions

	2021	2020
	£000	£000
Dilapidation provision	897	932
	897	932

Movements on provisions:

	Dilapidation provision
	£000
At 1 January 2021	932
Reversal of provisions	-
Utilisation of provision	(35)
At 31 December 2021	897

Dilapidation provision

Provision for dilapidations represents the current estimated costs to repair leased properties which are required to be made good before the properties are returned at the end of the leases. Provision is made on a property-by-property basis and the provision is expected to be fully utilised within seven years.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

15. Called up share capital

	2021	2020
	£000	£000
Ordinary share capital		
Issued and fully paid		
15,302,001 Ordinary (2020: 15,302,001) shares at £1 each	15,302	15,302

The company's share capital is fully owned by Deutsche Post International B.V. which has the right to participate in the distribution of dividends and in the return of capital including if the company were to be wound up.

16. Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£000	£000	£000	£000
Not later than one year	21	21	27	11
Later than one year and not later than five years	82	82	35	26
Later than five years	246	271	-	-
	349	374	62	37

17. Financial commitments, guarantees and contingent liabilities

For Value Added Tax (VAT) purposes, the company is grouped with other undertakings in a VAT group; under these arrangements the company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs. At 31 December 2021 the amount owed by HM Revenue & Customs was £1,690,000. At 31 December 2020, this liability amounted to £11,919,000.

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

18. Related party transactions

The company has taken advantage of the exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

The following are transactions with related parties:

Revenue	Holding	2021 £000	2020 £000
DHL Gertner International GmbH	51%	-	8
DHL Hauptvogel International GmbH	51%	-	6
DHL Leupold International GmbH	51%	7	13
Scherbauer Spedition GmbH	50%	12	24
DHL Wahl International GmbH	51%	3	5
DHL Voigt International GmbH	51%	10	9
		32	65

Expenses	Holding	2021 £000	2020 £000
DHL Gertner International GmbH	51%	-	2
DHL Hauptvogel International GmbH	51%	12	5
DHL Leupold International GmbH	51%	14	4
Scherbauer Spedition GmbH	50%	28	(7)
DHL Wahl International GmbH	51%	1	3
DHL Voigt International GmbH	51%	-	1
		55	8

Accounts receivable	Holding	2021 £000	2020 £000
DHL Gertner International GmbH	51%	-	2
DHL Hauptvogel International GmbH	51%	-	1
DHL Leupold International GmbH	51%	5	8
Scherbauer Spedition GmbH	50%	5	6
DHL Wahl International GmbH	51%	-	1
DHL Voigt International GmbH	51%	1	2
		11	20

DHL Express (UK) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

18. Related party transactions (continued)

Accounts Payable	Holding	2021 £000	2020 £000
DHL Hauptvogel International GmbH	51%	14	4
DHL Leupold International GmbH	51%	40	15
Scherbauer Spedition GmbH	50%	57	27
DHL Wahl International GmbH	51%	1	1
DHL Voigt International GmbH	51%	-	-
		112	47

19. Controlling party

The company's immediate parent undertaking is Deutsche Post International BV, a company incorporated in the Netherlands.

Deutsche Post International BV is controlled and owned by Deutsche Post AG, a company incorporated in Germany, which is the parent of the smallest and largest group in which the results of the company are consolidated. Copies of the Deutsche Post AG financial statements are available from the registered office of Deutsche Post AG, Platz der Deutsche Post, Charles-de-Gaulle Strasse 20, 53250 Bonn, Germany.

20. Post balance sheet events

In the September 2022 Budget update, the Government announced that the increase in the corporate tax from 1 April 2023 to 25%, which was previously substantively enacted on 24 May 2021, would be cancelled. As this change has not been enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the unrecognised deferred tax asset by £1,251,000.