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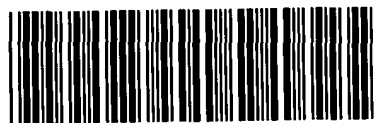
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**DPDGROUP UK LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**DPDGROUP UK LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	DL Adams EJW Dietz (appointed 1 January 2023, resigned 16 December 2023) AN Peromingo (appointed 29 January 2024) YPL Delmas (resigned 1 January 2023) J Pegg EJ Kerr M Michon
<b>Company secretary</b>	JN Clarke
<b>Registered number</b>	00732993
<b>Registered office</b>	Roebuck Lane Smethwick West Midlands B66 1BY
<b>Independent auditor</b>	KPMG LLP Chartered Accountants One Snowhill Snow Hill Queensway Birmingham West Midlands B4 6GH

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**DPDGROUP UK LTD**

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## DPDGROUP UK LTD

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

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#### Introduction

The directors present their Strategic Report for DPDgroup UK Ltd ("the Company") for the 52 week period ended 31 December 2023.

The Company's principal activity is the collection and delivery of parcels. The Company also provides distribution and logistics management through its Logistics division. There has not been any significant changes in the Company's activities in the period under review. The directors are not aware, as at the date of this report, of any likely major changes in the Company's principal activities, subject to the Future Developments section below.

The Company, operating under the DPD brand, is traditionally referred to as 'DPD Red' and focuses on providing services for larger customers. The DPD brand is also used by a subsidiary company, DPD Local UK Ltd, which is traditionally referred to as 'DPD Blue' and provides services for small to medium sized customers.

#### Company strategic objectives

The Company's main corporate objectives are:

1. To deliver the best service that money can buy
2. To use the best technology available
3. To retain, recruit and develop the most caring and customer-centric people in the industry
4. To be the UK's leader in sustainable delivery

Consequently, the Company will continue to place strategic emphasis on achieving and maintaining the best delivery customer service in the marketplace, along with recruiting and retaining the most caring and customer-centric workforce. It will also seek to introduce innovative new services and features by implementing the best technology available and is committed to being the UK's leader in sustainable delivery.

#### Operational review

The Company had a successful year meeting stakeholder expectations, delivering strong revenues and volumes, and maintaining profits and service levels. It continues to offer a full range of domestic and international services, including deliveries to businesses, consumers and to DPD Pick-Up shops.

The Company's performance was achieved against the backdrop of the Cost of Living crisis which affected customer demand for both domestic and international services and placed inflationary pressure upon both employee and supplier costs.

Although the UK market place is highly competitive, the Company continued to invest in infrastructure and personnel to ensure it remains the leading sustainable parcel delivery company in the UK, delivering the best service that money can buy. Further details on capital investments can be found in the Investment for growth section..

The Company's operational excellence and commitment to customer service throughout the period enabled it to retain its core customers, while also remaining resilient in the face of challenges presented in the current climate. The Company also placed a strong emphasis on continuing to deliver it's world class service even during the peak delivery periods, adequately resourcing up on delivery drivers and warehouse staff over key events such as Black Friday, Cyber Monday and the build up to Christmas.

The largest share of the company's revenue comes from next-day parcels, although the Company continued to grow revenue from its premium and specialist services. For international deliveries, the Company continued to benefit from Group membership of the leading European road based DPD network enabling it to offer services across the EU for its UK customers.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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The Company ended the period in a strong financial position and the Board believes that this position, coupled with the strength of its parent La Poste puts it in a market leading position for future development.

Furthermore, the Company has already implemented a number of initiatives across 2024 that specifically target both revenue and parcel growth, with the Company forecasting revenue to surpass the levels achieved in 2023. A large proportion of this growth is based on fully leveraging international services - simplifying and streamlining exporting processes, expanding and repositioning the portfolio of international services and reclaiming the position as the leading cross-border delivery experts.

The Company has also set a target to double volumes in its Out-of-Home (OOH) network by introducing enhanced services and offering more Pickup points through expanding its shop and locker networks.

### **Investment for growth**

The Company continues to invest in its infrastructure to increase capacity levels in line with its long term strategic objectives. In 2023 the Company invested in two major new sites - an 11 acre superhub in London Docklands, a state-of-the art facility where all delivery vehicles are 100% electric and a new purpose built Distribution Centre (DC) in Wolverhampton. Across 2024 and 2025, the Company also plans to build or upgrade at least 7 parcel Distribution Centres, further expanding its UK parcel network. These 9 locations account for almost 90% of the capital cost investment recorded in Asset Under Construction (see note 16).

The 2023 investment in London Docklands and Wolverhampton sites resulted in significant increases in its IFRS 16 lease right-of-use fixed assets and lease liabilities, especially liabilities greater than one year. It therefore accounted for majority of the year on year movements found on the Balance Sheet and in notes 15 and 16.

### **Sustainability**

DPD continues to pursue its strategy of being the UK leader in sustainable delivery. DPD's electric vehicle fleet increased to 3,600 vehicles with a target to raise this to 4,000 in 2024. That will mean providing an all-electric delivery parcel service in 30 cities, with 40% of the Collection and Delivery fleet electric. In 2024, the Company will deliver 100 million parcels through electric vehicles.

The Company is also trialing new HGVs, including electric and hydrogen powered vehicles, with 100% of the current HGV fleet using HVO (hydrotreated vegetable oil) reducing the CO<sub>2</sub>e per parcel by a further 20%.

The Company's green website [green.dpd.co.uk](https://green.dpd.co.uk) outlines all aspects of DPD's journey to being the UK's most sustainable delivery company. It outlines all of the current initiatives the Company is involved in, many of which are geared towards sustainability, reducing carbon emissions and helping the environment.

### **DPD App**

Along with other award winning services such as Predict and Follow My Parcel, the Company has developed a DPD App that allows the Company to offer the best ever service to its customers and further differentiate itself from other parcel carriers in the UK market.

The App has been enhanced with the addition of key new features including improved tracking to show consumers what happens next, the ability to rate their delivery and compliment DPD's drivers. Using the App, customers can create their own profiles, set their delivery preferences and track deliveries allowing them to create their own parcel plan for the first time.

The Company can now track all-electric deliveries to their end consumers using the App, recording which consumers have become "DPD Eco Superheroes". Alongside their partnership with Treeapp, the Company is dedicated to planting more trees across the United Kingdom as a result consumers using the app and receiving delivery of an all-electric vehicles.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Technology and innovation**

DPD is a market leader in innovation with a series of award winning 'firsts' including the Company's Predict service which continues to be further enhanced.

The Company's latest cutting-edge route-control software ensures delivery drivers are efficient on their routes, travelling fewer miles and generating less emissions. The Company has recently been investing and trialing deliveries made by robots and intends to expand its fleet of robots across 2024.

**Award winning**

At the National Sustainability Leaders Awards, DPD won the Sustainable Transport Award recognising the increase in DPD's Electric fleet, its development of robot deliveries and its progress towards net-zero. This was the 10th green award DPD has won since the start of 2021.

At the Motor Transport Awards, DPD were awarded three trophies – Home Delivery Operator of the Year, Urban Operator of the Year and the inaugural New Talent Development Award.

The Company also won numerous other Business Excellence Awards in 2023, which can be found on their web address - [green.dpd.co.uk](https://www.green.dpd.co.uk).

**Future developments**

The Company's subsidiary, DPD Local UK Ltd, continues with its strategy to buy-back franchisee operating area rights up to 2025. This will enable the Group to have the required capacity to meet continuing demand. Further details can be found in the financial statements of DPD Local UK Ltd.

**Principal risks and uncertainties**

The Board recognises that the future success of the Company is subject to a number of risks. In the opinion of the Board, the key risks to the business are as follows:

**The economy and competitor activity**

The Company's future growth includes an assumption of economic growth (based on independent information), however the Board recognises that this element of growth is a risk. With increased energy costs, food costs and interest rate rises there is a risk that reduced household income will have a detrimental impact on sales. By maintaining efficiency and through cost-control the Company endeavors to remain competitive and grow market-share mitigating this risk.

**Cost of living crisis and inflation**

At the start of 2023, high levels of inflation, increased energy and food costs, coupled with interest and tax rises, all contributed to what is widely referred to as the cost of living crisis within the UK.

Even though inflation rates are stabilising, there is a risk that an overall reduced household income will have a detrimental impact on the projected sales of the Company. In light of this, the Group will continue to track the current crisis on a constant basis and react accordingly. Currently, the Group continues to grow their market share in line with strategic objectives set so does not consider it an immediate concern, as the Company has proved to be robust and adaptable during this period.

**Worldwide unrest**

While the Company is keeping a close eye on the ongoing war in Ukraine and recent conflicts in the Middle East, the Company has not seen any significant impact in the periods under review and do not expect it to affect its future strategic goals or aspirations.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Fuel prices**

A significant proportion of the Company's cost-base is fuel price dependent. It is normal industry practice to pass on the impact of increased fuel prices to customers, through fuel surcharges reducing the risk to the company in the short term. The company does not hedge against fuel price changes.

**Business interruption**

The Board recognises that it is at risk from the loss of an IT system or a key operational facility. The Company has a specific Business Interruption policy which is reviewed and updated regularly. The policy contains continuity plans which the Board believe minimise the risk to the Company.

**Cyber risk**

The Board recognises that it is at risk from cyber attacks due to the large number of IT systems it utilises and organisational data it possesses, resulting in major operational and financial disruption. However, the Company has a number of mitigation controls in place to help reduce the risk of such attack.

The Company has a specific IT risk register, which is reviewed and updated regularly and has a vast number of IT policies that it publishes and upholds to mitigate future cyber attacks. All employees have to confirm receipt of these policies, usually via regular training materials. All policies are regularly reviewed, updated and readily available on the Company's internal intranet, which include, but not limited to: phishing; account passwords; data protection; malware and vpn security. The Company also has Continuous Breach Detection Services (CBDS) in place and an Out of Hours monitoring service.

**EU operational risk**

The Company's international activities expose itself to EU operational risks, as it requires Group business units to have streamlined and robust operational processes in place for dealing with DPD UK exports. To safeguard international customer losses and operational failures, the Company has a number of mitigation controls in operation, including daily tracking of specific KPIs associated with international service processes and use of third party solution providers.

**Financial risk management**

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of movements in exchange rates and interest rates. It's overall risk appetite with regard to financial risks is low.

The Company's primary financial risk management objectives are to ensure the availability of sufficient liquidity to meet operational and financial obligations, protect the Company's financial position against adverse movements in interest rates, foreign exchange rates, and to comply with relevant regulatory requirements and internal risk tolerance limits.

There have been no changes to the Company's risk management objectives and approach during the period.

**Interest rate risk**

The Company's exposure to interest rate risk is not deemed to be material. The Company does not have any external bank loans or borrowings. The risk is further mitigated by the use of Group loans from Geopost with fixed interest rates.

**Liquidity risk**

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or damaging the Company's reputation. The

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## DPDGROUP UK LTD

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2023

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Company's liquidity position and the timing of future cashflows are reviewed on a daily and monthly basis with detailed day by day projections. Revenue is invoiced on a weekly/monthly basis and cash is typically collected within 30 days. The Company aims to maintain cash at an amount in excess of expected cash outflows over the next 90 days.

These projections/processes ensure that liquidity risks are minimised. Furthermore the ultimate parent La Poste continues to make funding available for the Company's operations and as such the Company's exposure to liquidity risk is minimal.

#### **Foreign currency risk**

The Company's principal foreign currency exposures are limited to overseas purchases of goods and services, in particular, parcel distribution costs from the wider Geopost network. This risk is offset by income received in the same foreign currency for parcel delivery services provided in the UK for the wider DPD group. The Company's exposure to foreign currency risk is considered minimal as a result.

#### **Credit risk**

The Company's credit risk exposure relates to trade receivables. The Company optimises the balance between sales growth and risk of bad debt losses on trade receivables by maintaining very high collection rates and a low tolerance for credit risk.

The Company has a defined robust process for evaluating and monitoring the creditworthiness of new and existing customers. Credit limits are set on a customer-specific basis based upon these checks and are regularly updated following the receipt of new information.

The Company has strong collection procedures with the majority of trade receivables collected by direct debit and the remainder managed proactively through multi-channel reminders and contacts. Overdue debt is generally very low as a result and collection efforts are escalated appropriately.

Finally, the Company has a large numbers of customers, which spreads the risk of material bad debt and results in low expected credit losses.

#### **Stakeholder engagement**

The Company has an open dialogue with its customers through regular emails, alerts and direct-contact via Sales team members.

The Company works in partnership with local and national suppliers for mutual benefit. Suppliers are treated in-line with Company values. Regular communication is held with key suppliers including Owner Driver Franchisees, to ensure they are kept updated with the Company's activity.

The Company communicates openly with the Pension Trustees of the Defined Benefit scheme, the Chair of which is independent of the Company. The Trustees comprise individuals nominated by both the pension scheme members and the Company. These relationships are key to ensuring that the decisions made by both the Company and the scheme reflect the interest of all stakeholders.

The Company has a comprehensive people strategy that includes regular multi-channel updates on company values and activities and a network of People Champions who promote engagement and wellbeing initiatives as well as offering support and guidance whenever needed.

The Company also conducts a detailed survey of all employees enabling the workforce to feedback their views on an annual basis.

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**DPDGROUP UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**KPIs**

The Company's key financial and other performance indicators during the year included:

On-time collection and delivery service levels; both metrics improved versus the previous year and key service level targets were achieved during the year.

Operational unit costs; these KPIs continued to be managed actively by the business. Unit costs for the year increased due to employee and supplier cost increases.

Due to the sensitive nature of these KPIs, information on these is not provided.

Days sales outstanding; these decreased to 30 days (2022: 31 days) and are currently tracking around similar levels in 2024.

Key Profit and Loss Account variances in the period included:

- Turnover; decreasing 1% to £1,474m (2022: £1,494m) due to the impact of the Cost of Living Crisis affecting demand and increasing pressure on prices.
- Operating profit; decreasing 4% to £226m (2022: £236m), as a result of the movement in revenue and the impact of increases in both employee wages and supplier costs.
- Income from fixed asset investments; decreasing £20m due to more cash being retained in subsidiaries.
- Interest payable; increasing £8m due to the increase in UK interest rates and new IFRS 16 leases (see note 15).
- Profit before tax; decreasing 12% to £263m (2022: £300m) as a result of the above.

Key balance sheet movements in the period included:

- Tangible fixed assets; a £116m increase due in part to the investments in new depot sites as mentioned in the Investment for growth section.
- Cash at bank and in hand; increasing 63% to £71m (2022: £44m) due to the retention of cash to service Group loan repayments in quarter 1 of 2024.
- Lease liabilities; a £131m increase due in part to the investment in new depot sites, as mentioned in the Investment for growth section.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Directors' statement of compliance with duty to promote the success of the Company**

Under section 172(1) of the Companies Act 2006, the Board has a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its shareholder whilst having regard to matters set out in S172(1) (a-f) of the Act:

- (a) the likely long term consequences of decisions;
- (b) the interest of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business and conduct; and
- (f) the need to act fairly as between the Company's owners.

To discharge their section 172(1) duties the Board had regard to the factors set out above in making the principal decisions taken by the Company. All Board decisions made during the period were made to promote the long term success of both the Company and its ultimate parent company and were in line with the strategic goals and objectives of the group.

Further details can be found in the Corporate Governance section of the Strategic Report.

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Corporate Governance - appliance of the Wates Principles**

For the period ended 31 December 2023, under the Companies (Miscellaneous Reporting) Regulations 2018 and to comply with section 172 of the Companies Act 2006, the Company continues to apply the 6 Wates Corporate Governance Principles for large private companies as detailed below. Full details can be found in the on the following website - [https://www.dpd.co.uk/content/about\\_dpd/press\\_centre/news.jsp](https://www.dpd.co.uk/content/about_dpd/press_centre/news.jsp).

**1. Purpose and leadership**

The Company's purpose is to be the leading parcel carrier in the UK. Its strategy is defined in the Directors Report above. The company believes in being a responsible partner to the people, businesses and communities it works with. It does this with the following:

1. Being dedicated to lowering carbon emissions on every parcel we deliver, for all our customers
2. Sharing expertise and entrepreneurial spirit to help local enterprises thrive
3. Smart urban delivery - improving everyday urban life by giving people greater delivery choices, whilst reducing impact on the environment; and
4. Closer communities - bringing people together to support and build the communities.

**2. Board composition**

The Board comprises a Chairman, a Chief Executive Officer (CEO), Executive directors, General Counsel and a Company Secretary. The role of the Chairman and CEO is combined. Day to day management of the business is carried out via the Senior Leadership Team ("SLT"), which reports to the Board.

The SLT comprises the CEO, Board-level Executive directors and the company's Associate Directors. The Company feels the SLT size and composition is appropriate for the business. The Company ensures there is a balance of responsibilities, accountabilities and decision-making across the SLT. This is effectively maintained through:

- The Chairman & CEO playing a key role in creating the conditions for Board and individual director effectiveness;
- Encouraging open debate
- Local decisions are discussed and made at the SLT and at Operational Board level.
- The balance of power is maintained with key strategic decisions made by Group (ensuring independence and critical challenge).

The Company is proud of the diversity on the SLT, with a mix of gender, a mix of working backgrounds and a mix of skills. The Company is committed to promoting an inclusive environment.

Board and SLT members update their skills and knowledge by meeting with operational management, visiting UK wide sites and by attending appropriate external seminars and training courses. All SLT Members are set targets and monitored against these regularly.

**3. Director responsibilities**

The Company acknowledges the importance of good corporate governance throughout its operations and has measures in place to meet the governance rules of the wider Group. The Company has a defined organisational structure with clear roles and responsibilities. The structures in place ensure appropriate limits are used for internal authorisation. Decisions are made in-line with approved annual budgets. There are sufficient internal authorisation controls. This includes separate controls covering purchasing and sales contracts. The Company segregates duties and tasks to maintain a strong control environment. All Board and SLT members are required to declare conflicts of interest and adhere to the Company's Bribery & Anti-corruption policy.

Each Board and SLT member has a clear understanding of their accountability and responsibilities. All members must declare any potential conflicts of interest and any related party transactions. These declarations

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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are collated by the Head of Internal Audit and communicated to the Group Risk Committee. Where there are potential conflicts, appropriate safeguards are implemented. The Company takes a zero-tolerance approach to any form of bribery and corruption, and is committed to acting professionally, fairly and with the utmost integrity in all business dealings and relationships. The Company policy on bribery and anti-corruption applies to all individuals working at all levels within the Company.

The SLT delegates authority for day to day operational management of the Company to the Operational Board which meets monthly and is chaired by the Chief Executive Officer. The Operational Board comprises executive directors and other senior team members from the business.

#### **4. Opportunity and risk**

Board, SLT, and Operational Board meetings provide a forum for opportunities and risks to be discussed. The SLT also holds an annual strategic review for longer term opportunities and risks.

Risks are identified via Company wide risk registers, which are submitted to the Internal Audit function bi-annually. A clear policy is issued to the owners of the risk registers to enable them to identify and document the risk likelihood, impact and mitigation.

The Company has a Risk Committee comprising executive directors, Internal Audit, and senior Finance Managers. The Risk Committee ensures that risks are identified and controlled. It monitors the effectiveness of the Company's approach to risk identification, classification and mitigation.

The Company's key operational risks and mitigations are outlined in the Strategic Report. In addition to the Risk Committee, the Company submits to Group on an annual basis the Corporate Risk register.

The Company maintains full compliance with all applicable legislation either through certifications or alignment to best practice

The Company has developed an Operating Framework which includes the Group's operating rules, processes, best practices and delegated authorities. In addition the Company maintains full compliance with all applicable legislation and contractual requirements and the Company fully complies with relevant EU and UK legislation. Robust internal processes exist to ensure systems and controls operate effectively, and that the quality and integrity of information provided is reliable.

The SLT receives regular and timely information on financial and non-financial performance, supported by Key Performance Indicators ("KPIs"). Analysts provide the SLT with specific information requests, and have the necessary processes to ensure the integrity of the information. Key financial information is collated from the Company's accounting systems.

The Company's Finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. Financial information is externally audited and financial controls are reviewed by the Company's internal audit function.

The Board and SLT approve contracts above a defined value or for any transaction that requires an unbudgeted allocation of capital. This ensures that the appropriate level of due diligence has been performed before approval.

The Company also acts within the Group framework for capital purchase authorisation, seeking approval for proposals that require sign-off from the Group Investment Committee.

#### **5. Remuneration**

CEO remuneration is authorised by the Group. Executive Director and SLT remuneration are authorised by the CEO. Directors and senior management are incentivised on company performance.

The Company publishes annually its Gender Pay Gap Report - the report can be viewed on the DPD website - [https://www.dpd.co.uk/content/about\\_dpd/press\\_centre/news.jsp](https://www.dpd.co.uk/content/about_dpd/press_centre/news.jsp).

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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The Company recruits, develops and offers career progression to individuals objectively and solely on the basis of their merit and ability.

**6. Stakeholders**

The Company has an open dialogue with its customers through a number of communication lines, including regular email, alerts and direct contact via Sales team members.

The Company works in partnership with local and national suppliers for mutual benefit. All suppliers are treated in-line with Company values. The Company publishes payment practices, policies and statistics on the company website.

Regular communication is held with key suppliers including Owner Driver Franchisees, to ensure they are kept updated with the Company's activity.

The Company communicates openly with the pension Trustees, the Chair of which is independent of the Company. The Trustees comprise individuals nominated by both the pension scheme members and the Company. These relationships are key to ensuring that the decisions made by both the Company and the scheme reflect the interest of all stakeholders.

The Company has a comprehensive range of initiatives designed to communicate and engage with its workforce. These include a 'This Is Us' book articulating the Company's values and strategy, regular email communications promoting the Company activities and quarterly magazines explaining Company priorities and initiatives.

Also, the Company has a network of People Champions across the business, whose role is to promote engagement and wellbeing initiatives as well as offering support and guidance whenever needed.

The Company has also created a 'One Team' concept that articulates its commitment to creating a inclusive environment within which a diverse workforce can feel safe, equal, included and accepted

Finally, the Company conducts a detailed survey of all employees enabling the workforce to feedback their views on an annual basis.

The Company has a whistleblowing policy, which enables employees to highlight any potential breaches from the Code of Conduct; they can contact the independent whistleblowing services provider and then a formal investigation follows.

The Company launched the Community Fund in 2017, which donates money to charities and local community projects. During 2023, the Company helped over 100 charities of various sizes through donations.

This report was approved by the board on 27 June 2024 and signed on its behalf.



**DL Adams**  
Director

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## DPDGROUP UK LTD

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

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The Directors present their report and the financial statements for the period ended 31 December 2023.

#### Registered office

The registered office address of DPDgroup UK Ltd is Roebuck Lane, Smethwick, West Midlands, B66 1BY.

#### Results and dividends

The profit for the period, after taxation, amounted to £217,669,000 (2022: £252,024,000).

Dividends of £3.77 per ordinary share (2022: £6.29) amounting to £150,000,000 (2022: £250,000,000) were paid in the year.

#### Directors

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

DL Adams  
EJW Dietz (appointed 1 January 2023, resigned 16 December 2023)  
YPL Delmas (resigned 1 January 2023)  
J Pegg  
EJ Kerr  
M Michon

#### Future developments

There have been no further future developments other than the ones discussed in the Strategic Report.

#### Company's policy for payment of creditors

*Terms and conditions are agreed with suppliers in advance. Payment is then made in accordance with the agreement, providing the supplier has met the terms and conditions.*

#### Engagement with employees

It is Company policy to endeavour to maintain close links with the whole of the workforce. The Company communicates with its employees by means of notice boards, newsletters and various other channels.

The Company provides employees with information on matters of concern, to them as employees by means of formal and informal meetings and briefings. When decisions are taken affecting the interests of employees, individuals or their representatives are consulted in order to take their views into account.

Further details are provided in the Corporate Governance section of the Strategic Report.

#### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned and the roles available. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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**DPDGROUP UK LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Engagement with suppliers, customers and others**

The Company fully engages with all of its stakeholders, including its customers and suppliers; details are provided in the Corporate Governance section of the Strategic Report.

**Greenhouse gas emissions, energy consumption and energy efficiency action**

Statement of carbon emissions compliant with UK legislation set out in the Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and energy efficiency actions.

	31 December 2023	1 January 2023
Total renewable electricity use (kWh)	38,958,660	37,026,320
Total gas use (kWh)	29,658,150	32,548,890
Total solar and standard electricity use (kWh)	3,888,238	4,317,477
Total standard electricity use (kWh)	1,029,105	469,409
Total transport use - company and grey fleet (kWh)	5,347,047	6,996,928
Total bunkered diesel and LPG use (kWh)	214,726,850	484,937,264
Total HVO use (kWh)	278,862,303	17,826,416
Total CNG use (kWh)	1,107,056	-
Total energy use from all sources (kWh)	573,577,408	584,122,704
Total carbon emission from electricity (tCO <sub>2</sub> e)	236	163
Total carbon emission from gas (tCO <sub>2</sub> e)	5,425	6,982
Total carbon emission from WTT (tCO <sub>2</sub> e)	21,498	-
Total carbon emission from T&D (tCO <sub>2</sub> e)	90	-
Total carbon emissions from transport - company and grey fleet (tCO <sub>2</sub> e)	1,424	2,222
Total carbon emissions from other sources including bunkered fuel and LPG (tCO <sub>2</sub> e)	54,721	142,658
Total carbon emissions (tCO <sub>2</sub> e)	83,394	162,957
Total estate size (sqft)	5,308,428	5,061,678

Carbon intensity ratio: 15.71 kgCO<sub>2</sub>e per sqft (2022: 32.19)

Carbon intensity ratio: 0.25 kgCO<sub>2</sub>e per parcel (2022: 0.48)

In the previous reporting year (Jan 2022 – Dec 2022), well-to-tank (WTT) and transmission and distribution (T&D) emissions were included in their associated sources. In the current reporting year (Jan 2023 – Dec 2023) these emissions have been reported separately. HVO WTT has been added to the previous reporting year for comparative purposes.

WTT accounts for the upstream emissions associated with extraction, refining and transportation of raw fuel sources prior to combustion (gas, fuel) or for use in the generation of electricity.

T&D accounts for the emissions associated through grid energy loss which occurs in getting the electricity from the powerplant to your sites.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Carbon and energy efficiency actions**

We ("the Company") are committed to responsible carbon management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below for the purpose of increasing the businesses energy efficiency in the relevant financial period.

**Energy Efficiency Actions carried out in 2023**

- \* HVO replaced Diesel for the Transport fleet based out of our hubs.
- \* Completed the roll out of Water Automatic Meter Reads across our network
- \* Installation of Solar PV panels at our Barking Depot (by Landlord)
- \* New Docklands site opened with electric delivery fleet, solar PV panels on the van canopy and HVO fuelled collection vehicles.
- \* Continuation of EV Fleet roll out from 3,000 vehicles to 3,600 by the end of 2023.
- \* Hub 4 Solar PV panel install started
- \* LED lighting installed at Gloucester, Cardiff and International Gateway.
- \* Vickers/Pilot management system rolled out to 13 Sites - giving remote access to adjust heat settings and timings.
- \* Wolverhampton Solar PV installed as part of the build process.

**Energy Efficiency Actions considered for 2024**

- \* Water automatic meter readings to new sites Preston, Carlisle and Wolverhampton.
- \* Installation of Solar PV on Docklands depot roof (with potential to generate 1.2 megawatt).
- \* Solar PV Hub 4 install to be commissioned April 2024.
- \* Installation of Solar PV at the Bristol depot (Landlord) subject to legals and DPD Approval.
- \* Installation of Solar PV at the International Gateway (Landlord) subject to legals and DPD approval.
- \* Vickers/Pilot management system expanded to a further 12 depots and Hubs 2 and 3 resulting in almost full remote coverage across all network sites.
- \* Wolverhampton, Preston, Carlisle depots will have Gas automatic meter read meters installed.
- \* LED lighting installation at the Enfield depot.

**Methodology used in the calculation of disclosures**

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency, 21.01.21) used in conjunction with Government GHG reporting conversion factors.

For carbon only related matters, the SECR methodology as specified in "Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting" was used in conjunction with Government GHG reporting conversion factors.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/850130/Env-reportingguidance\\_inc\\_SECR\\_31March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reportingguidance_inc_SECR_31March.pdf)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Non-Financial and Sustainability Information Statement**

**Introduction**

The below notes comply with the climate-related financial disclosure regulations as required by section 414 CB of the Companies Act 2006. We also provide an overview of our Net Zero Commitment as it is integral to our strategy and disclosures.

**Net Zero commitment**

As part of Geopost SA, DPDgroup UK Ltd has a validated Science Based Target initiative (SBTi) Net Zero target, to have reduced our emissions by 43% for 2030 and 90% by 2040, compared to a 2020 baseline.

The remaining 10% of emissions will be offset through carbon removal schemes. Our key focus areas for decarbonisation are:

- \* Electrifying the last mile delivery fleet.
- \* Diversifying the transport fleet to include alternative options to diesel and HVO, such as electric and hydrogen-powered trucks or alternative low-emission fuels.
- \* Switching to 100% renewable energy, both gas and electricity
- \* Electrifying our fleet of company cars

**Our timeline to Net Zero 2040**

2017 - First electric vehicle enters our fleet, renewable electricity in all sites.  
2020 - 10% of delivery fleet electric in all depots, launched our 4th strategic pillar to become the UK's most sustainable delivery company.  
2021 - 1,000 electric vehicles purchased, 7,000 solar panels installed at Hub 5 site.  
2022 - 2,000 electric vehicles purchased  
2023 - All new company cars will be all-electric, Hydrogenated Vegetable Oil deployed to 95% of HGV fleet.  
2030 - **Net Zero near-term**, 43% emissions reduction.  
2040 - **Net Zero**, 90% emissions reduction.

**Governance**

*Governance Structure 2023*

Level 1 - Executive Board  
Level 2 - Senior Leadership Team, Operating Board, Risk and Audit Committee  
Level 3 - Sustainability, Finance

Our company strategy, including progress on our Net Zero ambition is ultimately overseen by our Executive Board. The Board comprises three executive directors of DPD, two members of our parent company Geopost SA, and the General Counsel and Chief Compliance Officer of DPD. Representatives of the Executive Board also sit on each of the boards at the next reporting level, ensuring strategic actions for review by the Executive Board are raised promptly.

Specific actions relating to climate risk and the achievement of the carbon budget (for further details of the carbon budget please see Metrics and Targets) in the following financial year are agreed by the Operating Board.

During the implementation of our Net Zero strategy, there has been significant focus and management effort directed towards the operational aspects of our strategy, such as ensuring the successful operation of our electric fleet and the associated infrastructure, alongside the decarbonisation efforts within our transport fleet. Managed principally by the Sustainability and Finance teams, these risks and opportunities, while not formally

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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recognised as climate-related transition risks, have formed a key part in the successful rollout of our Net Zero strategy and form part of the risk management process of the business. We have also implemented greater consideration of physical impacts of severe weather events throughout 2023, such as flood risk for new developments, heat impacts for our hub operations, and business continuity plans in areas with routes impacted by flooding, following a number of these events in recent years.

*Governance Structure 2024*

Level 1 - Executive Board

Level 2 - Senior Leadership Team, Operating Board, Risk and Audit Committee

Level 3 - Climate-Related Risk Committee, Risk Workshop

Moving forward, specific climate-related risks and opportunities identified through the formal scenario analysis conducted in 2023, will be built into the corporate risk management framework through 2024, ensuring all high level risks are brought to the attention of the Risk and Audit Committee and all climate-related risks are logged on the corresponding corporate register for biannual review by both the owner of the register and its executive sponsor.

In 2024 we will be establishing two working groups to manage the risks and opportunities identified through our climate-scenario analysis. A new climate-related risk committee will be formed, improving the representation of business functions contributing to the review of the climate-related risk register and associated actions. This committee will meet monthly and will be the conduit for the outputs of the climate-related risk register onto the corporate risk register.

A separate Risk Workshop will be formed to ensure all risks and opportunities are captured and scored effectively. This workshop will meet in person annually with further virtual meetings held as required and will consist of further stakeholders from across the business.

**Strategy**

We have focused on identifying the risks we believe will be most material to the business in the short and long term and where these risks would most influence our strategy. As a new reporting requirement for DPD UK, we have considered a holistic view of our operations and strategy for 2023 ensuring that we understood the scope of the reporting requirements and where additional expertise will be required to build upon these disclosures. This will enable us to produce more mature and comprehensive disclosures in future years.

Climate-related risks can be described as both transition and physical risks.

*Transition risks* - Transition risks represent changes across markets, technology, legal, and policy to address climate change through adaptation and mitigation.

*Physical risks* - Physical risks are both acute (short-term) or chronic (long-term) changes in weather patterns and weather-driven events that may have financial implications on business through operational disruption and asset damage

**Transition risks**

Based on our analysis, transition risks will have a greater impact than physical risks, furthermore, the most material impacts to the business occurred in the short to medium term and under a lower warming scenario. This is due to the transition risks likely to occur to keep warming to this level having a more immediate financial impact on the business.

The greatest transition risks to the business, as defined through the climate-related scenario analysis are:

1) *Mandates on and regulation of existing products and services* - it is likely that existing regulations prohibiting

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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the operation of high-emission vehicles in designated areas will be expanded to cover more cities and routes.

\* *Mitigation measures* - We have already invested heavily in fleet transition, both electrifying our collection and delivery fleet and adopting hydrogenated vegetable oil (HVO) to fuel our transport fleet. We have also focused on delivering all-electric in inner cities where such regulation is likely to be implemented, so are well placed to adjust vehicle distribution where required.

\* *Financial impact* - This could put pressure on our EV resource necessitating greater than planned investment in new vehicles and associated infrastructure, or drive the need to roll-out low emission fuel to a greater proportion of our fleet.

2) *Changing consumer behaviour* - a change in consumer behaviour could impact the business in a number of ways, however there are two specific climate-related consumer drivers that we feel are the most relevant at this time. These are focused on the cost of living crisis driving a reduction in the use of us as a carrier if the value of the online shopping basket reduces, or an increase in consumers purchasing cheaper goods with a higher carbon footprint sourced internationally. The cost of living crisis is likely to continue or worsen as climate change progresses through increased food costs due to supply chain issues, alongside rising energy costs.

\* *Mitigation measures* - We are already diversifying our portfolio to operate in new markets that will be less affected by the cost of living crisis. We will continue to identify and build our offering in these markets alongside monitoring the cost of living.

\* *Financial impact* - The resultant revenue changes could have a fundamental impact on the business based on experience in other business units operated by Geopost SA.

3) *Costs to transition to lower emissions technology* - As an early adopter of EVs we have already made significant investment into alternative lower emissions technology. We are now seeing the costs of this technology come down, however adoption of HVO for our transport fleet has exposed us to higher costs for low emission fuels and infrastructure costs for charging remain high, prohibitively so where sites require power upgrades.

\* *Mitigation measures* - We have already invested heavily in electric vehicles for our collection and delivery fleet, mandated electric vehicles under the company car scheme, and transitioned to hydrogenated vegetable oil (HVO) fuel for our transport fleet. While we are able to plan capex requirements for deploying more vehicles utilising this technology, there is still a lot of uncertainty around other technologies. We have an EV steerco to help manage the Capex and infrastructure requirements for our EV fleet.

\* *Financial impact* - We expect that the cost of HVO could increase as demand begins to outstrip supply and we maintain a certified raw material. Although the whole-life cost of EVs is reducing, we could see increased spend on infrastructure deployment and upgrades to maintain sufficient charging options for our vehicles.

We will review our Climate-related risk register on an annual basis to ensure that risks are scored correctly and identify those that require further mitigation.

### **Physical risks**

While the majority of the physical risks to the business are long-term and in higher warming scenarios, there was one that had a higher impact in the short term based on weather patterns we are already experiencing and the associated impact these have on the business.

*Risk* - Increased occurrence and severity of flood events

*Description* - The increased frequency and severity of extreme weather leads to localised flooding events. Flooding events prevent us from accessing all of our required routes, causing delays in delivery of parcels and exceeding our service level agreements with customers.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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*Mitigation measures* - All new sites undergo BREEAM assessment which looks at the likely impact of flooding on the building and any necessary mitigation. We will need to put in place appropriate risk management for the regions in which we operate to ensure we are aware of the impact on our service as the frequency of flood events increases. We already have business continuity plans in place should only one site be impacted.

*Financial impact* - Being unable to service our delivery routes could lead to increased operational spend as we look for alternative means to carry out our operations or carry out building repairs, alongside increased capital spend on flood mitigation.

**Risk financial impacts**

All of the risks identified could contribute in some way to a decrease in revenue or profits or an increase in operational and/or capital spend. Our oversight of the financial impact of transition risks is mainly through the Operating Board and its annual review of our strategy for the approaching financial year. Investment decisions required to meet the decarbonisation targets of the carbon budget are made in this forum. A specific area that we must consider in relation to physical risks is the impact on the costs of insurance.

**Opportunities**

We have identified a number of opportunities presented by adopting our Net Zero strategy in mitigation of the impacts of climate change.

Area - Resource Efficiency

Climate-related opportunity: Use of more efficient modes of transport.

Impact: It is now becoming cheaper to run an electric delivery vehicle than ICE (internal combustion engine) over the whole-life cost of the vehicle.

Climate-related opportunity: Use of recycling.

Impact: Adopting the principles of the circular economy allows for the purchasing of fewer resources (e.g. reduced packaging due to returnable totes), and we are able to generate income from the sale of desirable materials to fund social projects through our Eco Fund.

Climate-related opportunity: Move to more efficient buildings.

Impact: All new operating facilities are specified without gas heating, to ensure we can operate using 100% renewable electricity from when the building becomes operational, reducing the cost for retrofitting electric heating. We are also able to automate and centrally control many of the functions within the building, allowing for more efficient operation and cheaper running costs.

Area - Energy source

Climate-related opportunity: Use of lower-emission sources of energy.

Impact: Using power generated onsite reduces our reliance on grid supplied electricity and reduces the cost to procure energy.

Climate-related opportunity: Use of new technologies.

Impact: Adopting new technologies can represent an increase in CAPEX investment, however as we've seen with the adoption of electric vehicles for our collection and delivery fleet, there comes a tipping point where this technology is cheaper to run and maintain than older technology. It also enables us to meet our carbon

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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reduction commitments, better positioning the business to respond to transition risks such as carbon pricing.

Climate-related opportunity: Shift towards decentralised energy generation.

Impact: On-site power generation reduces the business reliance on grid supplied electricity. If this power can be stored this is an additional benefit. Having local power available provides mitigation of power disruptions as a result of adverse weather events.

Area - Products and Services

Climate-related opportunity: Development and/or expansion of low emission goods and services.

Impact: Business decarbonisation is key to meeting customer and consumer demands alongside our own Net Zero targets. This could open up new markets and customers and increase our revenue.

Climate-related opportunity: Shift in consumer preferences.

Impact: Maintaining progress on our publicly communicated decarbonisation targets builds brand credibility and is the best way to mitigate revenue loss from changing consumer preferences.

Area - Markets

Climate-related opportunity: Access to new assets and locations needing insurance coverage.

Impact: An awareness of the physical impacts of climate change and risk mapping allows for new site locations to be selected with both business requirements and climate impact in mind. This results in better financial planning for potential mitigation across the lease of the asset.

Area - Resilience

Climate-related opportunity: Participation in renewable energy programs and adoption of energy efficiency measures.

Impact: On-site power generation reduces the business reliance on grid supplied electricity. There are also cost savings when compared to purchasing renewable energy from the grid. Energy efficiency measures help to reduce costs by reducing the total amount of energy used.

Climate-related opportunity: Resource substitutes/diversification.

Impact: Bikes, robots, and utilising alternative means of transport in areas where it makes commercial sense offers the opportunity to meet consumer demands and adapt to more challenging conditions expected as an impact of climate change.

**Opportunities financial impacts**

All of the opportunities identified, if realised, could decrease our operational spend or increase our revenue. As set out above, they also increase the resilience of the business to both the transitional and physical impacts of climate change. In 2024 we will be formalising the generation and reporting of the key KPIs related to these opportunities.

**Subsidiaries**

As per our notes to the financial statements we do not consolidate the accounts of our subsidiaries, and on an individual basis they do not meet the reporting threshold for Climate-Related Financial Disclosures. We have however considered the risks and opportunities associated with our subsidiaries and, given they operate in the

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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same sector as DPD UK, determine them to be in line with those described here.

**Strategy resilience**

Our current strategy provides appropriate mitigation against the highest impact categories of time and warming scenarios it was assessed against. We already employ a business continuity plan to mitigate the impacts of severe weather events which remains appropriate in light of the climate-related physical risk assessment. We currently estimate that any likely strategy adjustments will relate to the pace at which we decarbonise, driven by policy implementation, deployment of new technologies, and financial budget constraints. Our strategy is focused on achieving our Net Zero target which increases our exposure to certain transition risks. However, being an early adopter of new technologies and accelerating our progress towards Net Zero provides proportionate exposure to these risks.

Our decarbonisation actions provide mitigation for some of these risks and present other opportunities to grow our business. It will be important to monitor the leading indicators associated with the risks outlined in our disclosure to identify whether we will need to make adjustments to our strategy. We are progressing with our Net Zero strategy more quickly than is required by policy or Group targets. Continuing on this trajectory will enable us to achieve emissions reductions in line with a 1.5 degree warming scenario.

**Next steps**

Future work will focus on full physical mapping of our network locations and those of our customers and suppliers. We recognise that as we are in the logistics industry we must take into consideration the impact of climate-related risks on our supply chain in order to fully scope the financial impact to the business. The results of this will form part of our disclosures in 2026 accounts.

**Risk Management**

Our Net Zero strategy has already presented us with an opportunity to identify transition risks to our business, and applying the financial disclosure regulations as defined in 414 CB of the Companies Act 2006 allows us to formalise those as climate-related and incorporate them into our corporate risk register through 2024. The corporate risk framework comprises individual registers aligned to a Senior Leadership Team (SLT) sponsor. The registers are updated and collated on a bi-annual basis for review at the Risk and Audit Committee meeting, where the mitigation for the highest risks is assessed. Each risk on the Climate-related risk register will be assigned to the relevant member of the SLT in Q2 2024 to ensure it is managed in the same manner as other business risks.

Steered by the disclosure guidance, the sustainability and finance teams have assessed climate-related risks to the business across three warming scenarios and three-time horizons, using the latest IPCC synthesis report to assess physical impacts to our business. We aligned these warming scenarios to our own Net Zero target (a 1.5 degree pathway), the most likely warming scenario provided by the IPCC based on current nationally determined contributions and taking into account the requirements of the CSRD reporting regulations (2- 4 degrees warming), and an over 4 degree pathway which represents the worst case scenario. In future reports it may be necessary to extend the time horizons or warming scenarios in response to updated policy or scientific evidence presented by the IPCC.

*Warming scenarios*

*Below 1.5 degrees* - This is our current Net Zero ambition. Achieving this is contingent on global and UK policy/legislation catalysing immediate decarbonisation action. This will lead to higher transition risks in the short term but less severe physical impacts in the long term.

*2-4 degrees* - Based on current global commitments this is the most realistic warming scenario. Policy/legislation is being introduced relatively slowly and some businesses are still continuing with business as usual (BAU). This will lead to higher transition risks in the medium term as decarbonisation actions and

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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regulation will need to be implemented much faster and the emissions reductions required will be much steeper. The physical risks in this scenario will be higher than in the 1.5 degrees scenario.

*Over 4 degrees* - This scenario assumes that BAU continues into the medium to long term. Transition risks are likely to be high in the long term as policy/legislation is introduced with immediate effect and businesses are unable to respond. The physical risks will also be higher in this scenario as the impacts of over 4 degrees of warming are realised.

*Time horizons*

*Short-term (2023-2030)* - This period aligns with our current near-term Net Zero target to have a 43% reduction in our emissions by 2030.

*Medium-term (2030-2040)* - This period aligns with our Net Zero target date of 2040, by which time we will be required to achieve a 90% reduction across all categories of emissions. This will enable us to determine where the likely policy and technology gaps will be, and therefore what the appropriate mitigation will be, and how this will impact our strategy as we aim to meet Net Zero ahead of the UK government 2050 target.

*Long-term (2040-2050)* - This timeframe aligns with the government's Net Zero 2050 target and also allows us to model the physical risks to our facilities with property leases extending over 15 years.

This year the risk and opportunities analysis was performed by the Sustainability team, with reference to the Finance team who currently manage our carbon accounting. Moving forward the risk identification and scoring will be performed through the Risk Workshop and aligned to the materiality criteria of the business, be reviewed at the Climate-related Risk Committee, and integrated into the register for presentation at the Risk and Audit Committee.

**Metrics and Targets**

Our Net Zero 2030 near-term reduction target of 43% covers all emissions in scopes 1 and 2, plus energy and transportation emissions from scope 3. From a 2020 baseline we have achieved a reduction of 34% in emissions in these categories. The long-term Net Zero 2040 reduction target of 90% covers all emissions from scopes 1, 2 and 3. We have started gathering primary data for scope 3 emissions and will look to prioritise the highest impact categories for data quality improvements and decarbonisation actions from 2024

Our Net Zero pathway focuses on deployment of alternative vehicles and fuels, such as electric vehicles, hydrogen fuel cell, and HVO. We also have a focus on procuring and generating renewable energy. These strategic actions are well aligned to the appropriate mitigation actions for our highest transition and physical risks to the business from climate change.

Throughout 2024 we will begin to build further KPIs to monitor the progress of our Net Zero strategy which is key to the mitigation of our climate-related risks and realisation of our climate-related opportunities.

**Carbon budget**

In 2023 we introduced a carbon budget that helps us to maintain pace on our decarbonisation pathway. This forms an essential metric for us to manage our climate related risks while we work to implement more detailed KPI's.

Within the Carbon Budget we monitor the cost to transition to new technologies, covering both opex and capex relating to our EV and HVO Fleet, and we also monitor absolute emissions and emissions per parcel.

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**DPDGROUP UK LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**Post balance sheet events**

There have been no significant events affecting the Company since the period end.

**Auditor**

Following the period end there has been a re-allocation of external audit responsibilities within the Group and as a result, KPMG LLP shall not be seeking reappointment as auditors of the company when the present term of office expires. The group's joint auditor, Forvis Mazars LLP, will be appointed as the company's audit for the period ended 29 December 2024.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that 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 auditor is aware of that information.

This report was approved by the board on 27 June 2024 and signed on its behalf.



**DL Adams**  
Director

Roebuck Lane  
Smethwick  
West Midlands  
B66 1BY

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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**DPDGROUP UK LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DPDGROUP UK LTD**

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**Opinion**

We have audited the financial statements of DPDgroup UK Ltd (the 'Company') for the 52 week period ended 31 December 2023, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements :

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DPDGROUP UK LTD (CONTINUED)**

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**Fraud and breaches of laws and regulations – ability to detect**

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

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

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

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the defined benefit pension scheme assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition as sales are simple revenue transactions and therefore the nature of operations provides limited opportunities to engage in fraudulent revenue recognition.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.

We did not identify any additional fraud risks.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

The potential effect of these laws and regulations on the financial statements varies considerably.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DPDGROUP UK LTD (CONTINUED)

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Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

**Strategic Report and Directors' Report**

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

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

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

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## DPDGROUP UK LTD

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DPDGROUP UK LTD (CONTINUED)

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 22, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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

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DPDGROUP UK LTD

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DPDGROUP UK LTD (CONTINUED)

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Xavier Timmermans (Senior statutory auditor)

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill  
Snow Hill Queensway  
Birmingham  
West Midlands  
B4 6GH

27 June 2024

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DPDGROUP UK LTD

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**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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	Note	31 December 2023 £000	1 January 2023 £000
Turnover	4	1,474,264	1,493,923
Cost of sales		(1,146,776)	(1,158,237)
<b>Gross profit</b>		<b>327,488</b>	<b>335,686</b>
Other operating charges		(101,806)	(100,124)
<b>Operating profit</b>	5	<b>225,682</b>	<b>235,562</b>
Income from other fixed asset investments	9	70,011	90,000
Interest receivable and similar income	10	2,494	873
Interest payable and similar expenses	11	(35,343)	(26,873)
<b>Profit before tax</b>		<b>262,844</b>	<b>299,562</b>
Tax on profit	12	(45,175)	(47,538)
<b>Profit for the financial period</b>		<b>217,669</b>	<b>252,024</b>

The notes on pages 34 to 73 form part of these financial statements.

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DPDGROUP UK LTD

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**OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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		31 December 2023 £000	1 January 2023 £000
Profit for the financial period	Note	217,669	252,024
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial loss on defined benefit schemes	28	(6,153)	(28)
Movement of deferred tax relating to pension surplus	28	1,538	7
Remeasurement of unfunded Employer-financed benefits scheme (EFRBS)	28	(69)	704
		<u>(4,684)</u>	<u>683</u>
<b>Total comprehensive income for the period</b>		<u><u>212,985</u></u>	<u><u>252,707</u></u>

The notes on pages 34 to 73 form part of these financial statements.

**DPDGROUP UK LTD**  
**REGISTERED NUMBER: 00732993**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2023**

	Note	31 December 2023 £000	1 January 2023 £000
<b>Fixed assets</b>			
Intangible assets	14	1,483	1,075
Tangible assets	16	1,012,861	896,422
Investments	17	328,773	328,760
		<u>1,343,117</u>	<u>1,226,257</u>
<b>Current assets</b>			
Stocks	18	8,278	7,985
Debtors: amounts falling due after more than one year	19	129	259
Debtors: amounts falling due within one year	19	209,760	210,741
Cash at bank and in hand	20	71,132	43,734
		<u>289,299</u>	<u>262,719</u>
Creditors: amounts falling due within one year	21	(689,530)	(721,381)
		<u>(400,231)</u>	<u>(458,662)</u>
<b>Net current liabilities</b>			
		942,886	767,595
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	22	(662,359)	(553,027)
		<u>280,527</u>	<u>214,568</u>
<b>Provisions for liabilities</b>			
Deferred taxation	24	(7,614)	(9,767)
		<u>(7,614)</u>	<u>(9,767)</u>
<b>Net assets excluding pension asset</b>			
		272,913	204,801
Pension asset	28	14,988	17,496
		<u>287,901</u>	<u>222,297</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	25	39,745	39,745
Share premium account	26	119	119
Revaluation reserve	26	4,386	4,386
Profit and loss account	26	243,651	178,047
		<u>287,901</u>	<u>222,297</u>

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**DPDGROUP UK LTD**  
**REGISTERED NUMBER: 00732993**

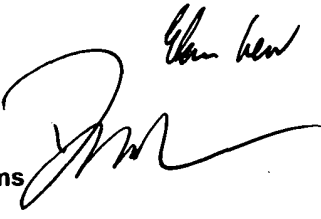
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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2023**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2024.

**EJ Kerr**  
Director

Handwritten signature of EJ Kerr in black ink, appearing as 'EJ Kerr'.

**DL Adams**  
Director

The notes on pages 34 to 73 form part of these financial statements.

**DPDGROUP UK LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Called up share capital	Share premium account	Undistributabl e reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 2 January 2023	39,745	119	4,386	178,047	222,297
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	217,669	217,669
Other comprehensive income - pensions	-	-	-	(4,615)	(4,615)
Other comprehensive income - EFRBS	-	-	-	(69)	(69)
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,985</u>	<u>212,985</u>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	(150,000)	(150,000)
Other reserve movements - Group	-	-	-	2,619	2,619
<b>At 31 December 2023</b>	<u>39,745</u>	<u>119</u>	<u>4,386</u>	<u>243,651</u>	<u>287,901</u>

The notes on pages 34 to 73 form part of these financial statements.

**DPDGROUP UK LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 1 JANUARY 2023**

	Called up share capital	Share premium account	Undistributabl e reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 3 January 2022	39,745	119	4,386	175,340	219,590
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	252,024	252,024
Other comprehensive income - pensions	-	-	-	(21)	(21)
Other comprehensive income - EFRBS	-	-	-	704	704
<b>Total comprehensive income for the period</b>	-	-	-	252,707	252,707
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	(250,000)	(250,000)
<b>At 1 January 2023</b>	<b>39,745</b>	<b>119</b>	<b>4,386</b>	<b>178,047</b>	<b>222,297</b>

The notes on pages 34 to 73 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**1. Corporate Information**

DPDgroup UK Ltd is a company incorporated in the United Kingdom. The registered address of the Company is given on the company information page. The principal operations of the Company are included in the Strategic Report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

**Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policy. The Directors believe there are no critical accounting policies where judgements or estimates have been necessarily applied other than those stated in note 3.

DPDgroup UK Ltd ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 0732993 and the registered address is Roebuck Lane, Smethwick, West Midlands, B66 1BY.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**Basis of preparation of financial statements (continued)**

**Consolidated financial statements**

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by La Poste, the ultimate parent undertaking, incorporated in France and are available from the address set out in note 32. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

**Financial reporting standard 101 - reduced disclosure exemptions**

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

Cash Flow Statement and related notes;  
Certain disclosures regarding revenue;  
Certain disclosures regarding leases;  
Comparative period reconciliations for share capital;  
Disclosures in respect of transactions with wholly owned subsidiaries ;  
Disclosures in respect of capital management;  
The effects of new but not yet effective IFRSs;  
Disclosures in respect of the compensation of Key Management Personnel; and  
Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statement of La Poste include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

**Functional and presentational currency**

The Company's functional currency is Sterling, as this is the currency of the primary economic environment of that which the Company operates. The financial statements are presented in Sterling.

**Use of estimates and judgements**

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgements in applying

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3.

**2.2 Going concern**

Notwithstanding net current liabilities of £400,231,000 as at 31 December 2023, including £110,425,000 of lease payments due on an IFRS16 basis (see note 15), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The base forecast reflects the approved budget for the period ended 29 December 2024 updated for current trading as well as forecasts to 28 December 2025 using historic growth trajectories and expected costs, factoring in the affects of recent losses to it's international trade, the affect of the living crisis in the UK, energy cost increases and ongoing Ukrainian war and Middle East conflict.

The directors have also considered a severe but plausible downside scenario which has a reduction in revenue and gross margin, partly offset by known and anticipated cost reductions. Under this scenario the company remains cash generative and in a positive net cash position. Under both the base case and the plausible downside case, the forecast indicates that the Company has sufficient liquidity to continue to settle liabilities as they fall due for at least twelve months from the date of approval of the financial statements

Those forecasts are dependent on the Company's parent company, Geopost Holdings Limited, not seeking repayment of the amounts currently due to them, which at 31 December 2023 amounted to £249,639,000. Geopost Holdings Limited have indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

As such, the Directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company primarily provides a next-day parcel delivery service. Parcels are collected from our customers on Day 1 and delivered to our customers' customers on Day 2. Therefore, the interaction with the Company's customers is complete on Day 1. Revenue is recognised only when there is valid data confirming that the parcel has been collected and processed through our Hubs (prior to delivery on Day 2).

The Company's financial year-end always falls on a Sunday at the end of December / Early January when the volumes are low and ensures that parcels are delivered before the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.4 Leases

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.6.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**The Company as a lessor**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.4 Leases (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation on intangible assets is provided on the following basis using a straight line method:

Major software upgrades - 20%  
Minor software upgrades - 33%

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 1.25 to 10%
Short-term leasehold property	- term of lease
Plant and machinery	- 10 to 25%
Fixtures and fittings	- 10 to 20%
Office equipment	- 20%
Computer equipment	- 20 to 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value after making allowances for obsolete and slow-moving inventory. Cost includes all direct costs.

**2.9 Foreign currency translation**

**Functional and presentational currency**

The Company's functional and presentational currency is pound sterling.

**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 of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

**2.10 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.12 Financial instruments

**Recognition and initial measurement**

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Classification and subsequent measurement**

**Financial assets**

*(a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- \* it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- \* its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- \* it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- \* its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.12 Financial instruments (continued)

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

*(b) Subsequent measurement and gains and losses*

*Financial assets at FVTPL* - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Interest rate benchmark reform*

The Company adopted the Phase 2 amendments retrospectively in the prior year. When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- \* The change is necessary as a direct consequence of the reform; and
- \* The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

When the changes were made to a financial asset or a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

**Financial liabilities and equity**

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.12 Financial instruments (continued)

\* they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

\* where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

**Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.12 Financial instruments (continued)

**Derecognition**

*Financial assets*

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

*Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 14 days past due.

The Company considers a financial asset to be in default when:

- \* the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- \* the financial asset is more than 60 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Impairment of non-financial assets excluding stocks and deferred tax assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.13 Sale and leaseback**

A sale and leaseback transaction is one where the Company sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. The Company previously had sale and leaseback transactions reported under IAS 17 upon transition to IFRS 16. These transactions have been reviewed under IFRS 16 guidelines and have now been accounted for like any other operating lease at transition to IFRS 16 (see note 15 for further details). The Company (seller-lessee) has recognised a right-of-use asset and lease liability on the Balance Sheet.

The Company has not had to adjust the right-of-use asset for any deferred gains or losses relating to off-market terms remaining on the Balance Sheet immediately prior to date of initial application of IFRS 16.

**2.14 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at 31 December 2023 less the fair value of plan assets at that date out of which the obligations are to be settled.

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Other Comprehensive Income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**Pensions (continued)**

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

The expected recovery of the recognised pension scheme surplus will be via a refund to the Company upon winding up of the scheme.

**2.15 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet.

**2.16 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.17 Provisions for liabilities**

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

**2.18 Taxation**

Current corporation tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from the Statement of Comprehensive Income in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.19 Equity and reserves**

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

**3. Critical accounting judgements and estimation uncertainties**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe there have been no critical accounting policies where judgement has been applied.

The following are the Company's key sources of estimation uncertainty:

*Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 28.

*Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of tangible fixed assets, and the depreciation accounting policy note above for the useful economic lives for each class of asset.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	31 December 2023 £000	1 January 2023 £000
Parcel distribution and related services	1,474,264	1,493,923
	<u>1,474,264</u>	<u>1,493,923</u>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	31 December 2023 £000	1 January 2023 £000
Depreciation of tangible fixed assets	28,404	28,439
Depreciation of IFRS16 Right of Use tangible fixed assets	118,869	106,461
Amortisation of intangible assets, including goodwill	676	581
Exchange losses	172	798
Defined contribution pension cost	13,726	13,743
Defined benefit pension cost	1,139	1,811
Operating lease payments for the hire of plant and machinery (non IFRS 16)	8,933	8,069
	<u>171,919</u>	<u>159,902</u>

**6. Auditor's remuneration**

During the period, the Company obtained the following services from the Company's auditor and its associates:

	31 December 2023 £000	1 January 2023 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	<u>250</u>	<u>235</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	31 December 2023 £000	1 January 2023 £000
Wages and salaries	389,280	387,527
Social security costs	37,830	38,815
Cost of defined benefit scheme	1,139	1,811
Cost of defined contribution scheme	13,726	13,743
	<u>441,975</u>	<u>441,896</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	31 December 2023 No.	1 January 2023 No.
Administration, sales and supervision	3,123	3,193
Operational	6,244	6,223
	<u>9,367</u>	<u>9,416</u>

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**DPDGROUP UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**8. Directors' remuneration**

	31 December 2023 £000	1 January 2023 £000
Directors' emoluments	3,324	3,168
	<u>3,324</u>	<u>3,168</u>

During the period retirement benefits were accruing to no Directors (2022: none) in respect of defined contribution pension schemes. The company contributions to these schemes were nil (2022: nil).

During the period retirement benefits were accruing to no Directors (2022: none) in respect of defined benefit pension schemes. The company contributions to these schemes were nil (2022: nil).

There are two directors' who are deferred members of the defined benefit scheme (2022: 2).

The highest paid Director received remuneration of £1,370,376 (2022: £1,310,192).

The highest paid Director is a deferred member of the defined benefit scheme and accordingly has not accrued any benefit in 2023.

There are 3 Directors who are based overseas and did not receive emoluments for services rendered to the Company in the period.

**9. Income from investments**

	31 December 2023 £000	1 January 2023 £000
Dividends received from shares in subsidiary undertakings	70,011	90,000
	<u>70,011</u>	<u>90,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**10. Interest receivable and other similar income**

	31 December 2023 £000	1 January 2023 £000
Group interest receivable	21	-
Interest receivable from IFRS16 leases	9	7
Interest on pension scheme	996	302
Other interest receivable	1,468	564
	2,494	873

**11. Interest payable and similar expenses**

	31 December 2023 £000	1 January 2023 £000
Other interest payable	114	65
Loans from group undertakings	6,681	6,717
Interest on IFRS 16 lease liabilities	28,548	20,091
	35,343	26,873

**12. Taxation**

	31 December 2023 £000	1 January 2023 £000
<b>Corporation tax</b>		
Current tax on profits for the year	45,790	40,343
<b>Total current tax</b>	45,790	40,343
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(615)	7,195
<b>Total deferred tax</b>	(615)	7,195
<b>Taxation on profit on ordinary activities</b>	45,175	47,538

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**12. Taxation (continued)**

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2022: lower than) the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%). The differences are explained below:

	31 December 2023 £000	1 January 2022 £000
Profit on ordinary activities before tax	262,844	299,562
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	61,769	56,917
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	868	2,730
Loss on disposal of fixed assets	462	46
Other differences	(615)	7,195
Dividends from UK companies	(16,452)	(17,100)
Pension payment tax relief	(857)	(2,250)
<b>Total tax charge for the period</b>	<b>45,175</b>	<b>47,538</b>

**Factors that may affect future tax charges**

The main rate of corporation tax increased from 19% to 25%, effective 1 April 2023. This will increase the company's future current tax charge accordingly. The effective rate of corporation tax in the period assessed was 23.5%.

There were no other factors that may affect future tax charges.

**13. Dividends**

	31 December 2023 £000	1 January 2023 £000
Dividends paid on ordinary share capital	150,000	250,000
	<u>150,000</u>	<u>250,000</u>

Dividends of £3.77 per ordinary share (2022: £6.29) were paid in the period.

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NOTES TO THE FINANCIAL STATEMENTS  
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14. Intangible assets

	Software upgrades £000
<b>Cost</b>	
At 2 January 2023	4,147
Additions - internal	1,084
Disposals	(452)
At 31 December 2023	<u>4,779</u>
<b>Amortisation</b>	
At 2 January 2023	3,072
Charge for the period on owned assets	676
On disposals	(452)
At 31 December 2023	<u>3,296</u>
<b>Net book value</b>	
At 31 December 2023	<u>1,483</u>
At 1 January 2023	<u>1,075</u>

Software additions during the year included £917,228 of intangibles transferred out of the assets under construction account (see note 17).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**15. IFRS 16 leases**

**Company as a lessee**

The Company has a large number of operating lease agreements classified under IFRS 16 and it categorises their nature into three main areas: property, vehicle and sortation equipment leases.

They have varying lengths of duration but generally property leases have the longest lifetime (up to a maximum 25 years on signing of an initial lease, though they can be later extended beyond 25 years). Sortation equipment leases would typically have a lifetime of 7 years and vehicles between 2 and 8 years dependant on the vehicle type.

Lease liabilities are due as follows:

	31 December 2023 £000	1 January 2023 £000
Not later than one year	110,425	94,707
Between one year and five years	315,181	276,336
Later than five years	347,178	270,891
	<u>772,784</u>	<u>641,934</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	31 December 2023 £000	1 January 2023 £000
Interest expense on lease liabilities	28,548	20,091
(Gain) / loss on termination of leases	(18)	56
Depreciation of Right-of-use leased assets	118,869	106,461
	<u>147,399</u>	<u>126,608</u>

The total cash outflow relating to IFRS 16 leases for the period ending 31 December was £132,108,112 (2022: £125,542,994)

**Company as a lessor**

The Company has a small portfolio of properties that are sub-let to other tenants and therefore the Company is classified as the lessor. These are all onerous properties and to help mitigate exposure any cost associated with the head lease is recovered from the tenant.

**Operating leases**

The following table summarises the undiscounted lease payments receivable after the reporting date.

	31 December 2023 £000	1 January 2023 £000
Not later than one year	170	259

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**15. IFRS 16 leases (continued)**

<b>Total undiscounted lease payments receivable</b>	170	259
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Lease income from operating lease contracts in which the Company acts as a lessor is as below:

	31 December 2023 £000	1 January 2023 £000
Lease income	9	7

**16. Tangible fixed assets**

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000
<b>Cost or valuation</b>					
At 2 January 2023	194,945	527,374	140,747	360,420	38,211
Additions	176	136,011	29,884	79,514	1,275
Disposals	(694)	(6,106)	(15,760)	(40,066)	(30)
Transfers between classes	115	6,674	3,972	16	1,027
At 31 December 2023	194,542	663,953	158,843	399,884	40,483
<b>Depreciation</b>					
At 2 January 2023	35,360	172,641	62,051	124,808	24,922
Charge for the period on owned assets	5,793	39,926	20,639	68,940	4,610
Disposals	6	(3,498)	(15,739)	(37,914)	(30)
At 31 December 2023	41,159	209,069	66,951	155,834	29,502
<b>Net book value</b>					
At 31 December 2023	153,383	454,884	91,892	244,050	10,981
At 1 January 2023	159,585	354,733	78,696	235,612	13,289

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**16. Tangible fixed assets (continued)**

	Computer equipment £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 2 January 2023	44,961	42,240	1,348,898
Additions	2,603	20,647	270,110
Disposals	(1,620)	-	(64,276)
Transfers between classes	111	(12,832)	(917)
At 31 December 2023	<u>46,055</u>	<u>50,055</u>	<u>1,553,815</u>
<b>Depreciation</b>			
At 2 January 2023	32,694	-	452,476
Charge for the period on owned assets	7,365	-	147,273
Disposals	(1,620)	-	(58,795)
At 31 December 2023	<u>38,439</u>	<u>-</u>	<u>540,954</u>
<b>Net book value</b>			
At 31 December 2023	<u>7,616</u>	<u>50,055</u>	<u>1,012,861</u>
At 1 January 2023	<u>12,267</u>	<u>42,240</u>	<u>896,422</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	31 December 2023 £000	1 January 2023 £000
Tangible fixed assets owned	270,129	272,411
Right-of-use tangible fixed assets	742,732	624,011
	<u>1,012,861</u>	<u>896,422</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**16. Tangible fixed assets (continued)**

Information about right-of-use assets is summarised below:

**Net book value**

	31 December 2023 £000	1 January 2023 £000
Property	430,485	334,512
Plant and machinery	69,878	56,796
Motor vehicles	242,048	231,665
Office and computer equipment	321	1,038
	<u>742,732</u>	<u>624,011</u>

**Additions to right-of-use assets**

	31 December 2023 £000	1 January 2023 £000
Additions to right-of-use assets	242,335	179,771
	<u>242,335</u>	<u>179,771</u>

**Depreciation charge for the period ended**

	31 December 2023 £000	1 January 2023 £000
Property	35,258	28,724
Plant and machinery	14,508	16,747
Motor vehicles	68,184	60,220
Office and computer equipment	919	770
	<u>118,869</u>	<u>106,461</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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17. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 2 January 2023	328,760
Additions	13
At 31 December 2023	<u>328,773</u>

During the period, the Company contributed cash of £12,857 to it's subsidiary Project Bolt Newco 1 Limited for an issue of shares.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**17. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Interlink Express Limited (1)	Reference 1	Sub-holding company	Ordinary	100%
Interlink Express Parcels Limited (1)	Reference 1	Dormant	Ordinary	100%
DPD (UK) Limited (1)	Reference 1	Dormant	Ordinary	100%
GeoPost Ireland Limited (1)	Reference 2	Dormant	Ordinary	100%
DPD Local UK Ltd (2)	Reference 1	Transport related services	Ordinary	100%
Interlink Ireland Limited (3)	Reference 2	Transport related services	Ordinary Redeemable Preference	100%
Dynamic Parcel Distribution Limited (4)	Reference 2	Dormant	Ordinary	100%
Delivery Investigations Limited (1)	Reference 1	Dormant	Ordinary	100%
Pie Mapping Software Ltd (1)	Reference 1	Dormant	Ordinary	83%
DPDgroup UK Pension Trustee Limited (1)	Reference 1	Pension management services	Ordinary	100%
Project Bolt Newco 1 Limited (1)	Reference 3	Dormant	Ordinary	100%
Project Bolt Newco 2 Limited (5)	Reference 3	Holding company	Ordinary	100%
CitySprint (UK) Bidco Limited (6)	Reference 3	Holding company	Ordinary	100%
CitySprint (UK) Group Limited (7)	Reference 3	Holding company	Ordinary	100%
The Courier and Passenger Transport Holdings Limited (8)	Reference 3	Holding company	Ordinary	100%
The Courier and Passenger Transport Group Limited (9)	Reference 3	Holding company	Ordinary	100%
CitySprint (UK) Limited (10)	Reference 3	Courier services	Ordinary	100%
On the Dot Technologies Limited (11)	Reference 3	IT development	Ordinary	100%
CitySprint Courier Services Limited (11)	Reference 3	Courier services	Ordinary	100%
Last Mile Link Technologies Limited (11)	Reference 3	Holding company	Ordinary	100%
Transworld Global Courier Limited (11)	Reference 3	Courier services	Ordinary	100%
Urgent Deliveries Limited (11)	Reference 4	Courier services	Ordinary	100%
Mach 1 Couriers Limited (11)	Reference 5	Courier services	Ordinary	100%
Absolutely Couriers Limited (12)	Reference 5	Dormant	Ordinary	100%
Creative Cars & Couriers Limited (14)	Reference 5	Courier services	Ordinary	100%

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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17. Fixed asset investments (continued)

Subsidiary undertakings (continued)

- (1) Subsidiaries of DPDgroup UK Ltd
- (2) Subsidiaries of Interlink Express Plc
- (3) Subsidiaries of GeoPost Ireland Limited
- (4) Subsidiaries of Interlink Ireland Limited
- (5) Subsidiaries of Project Bolt Newco 1 Limited
- (6) Subsidiaries of Project Bolt Newco 2 Limited
- (7) Subsidiaries of CitySprint (UK) Bidco Limited
- (8) Subsidiaries of CitySprint (UK) Group Limited
- (9) Subsidiaries of The Courier and Passenger Transport Holding Limited
- (10) Subsidiaries of The Courier and Passenger Transport Group Limited
- (11) Subsidiaries of CitySprint (UK) Limited
- (12) Subsidiaries of Mach 1 Couriers Limited

Registered offices

The registered office address of the subsidiaries marked reference 1 is Roebuck Lane, Smethwick, West Midlands, B66 1BY.

The registered office address of the subsidiaries marked reference 2 is Athlone Business Park, Dublin Road, Athlone, Co Westmeath, 28406.

The registered office address of the above subsidiaries marked reference 3 is Red Central, 60 High Street, Redhill, RH1 1SH.

The registered office address of the above subsidiaries marked reference 4 is Unit 500 Metroplex Business Park, Salford, Greater Manchester, England, M50 2UE.

The registered office address of the above subsidiaries marked reference 5 is 5 Spartan Close, Warwick, England, CV34 6RR.

The country of incorporation for all subsidiaries is the United Kingdom apart from GeoPost Ireland Limited, Interlink Ireland Limited and Dynamic Parcel Distribution Limited (4), whose country of incorporation is Ireland.

Subsidiary changes

On the 21st July 2022 Geopost UK Limited, a dormant company, changed it's name to Delivery Investigations Limited.

On the 17th August 2023 Interlink Express Plc, formerly registered as a public company, re-registered as a private company, incorporated under the name Interlink Express Limited.

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## DPDGROUP UK LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023

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#### Subsidiary undertakings (continued)

##### Subsidiary closures

The following dormant subsidiaries of DPDgroup UK Ltd were dissolved with Companies House during the period ending 1 January 2023:

Mail Plus Limited - dissolved 13th September 2022  
Dynamic Parcel Distribution Limited - dissolved 20th September 2022  
Mpie Limited - dissolved 22nd March 2022  
Pie Mapping Ltd - dissolved 22nd March 2022

Since the period ending 31 December 2023, the following dormant subsidiaries of DPDgroup UK Ltd were dissolved with Companies House on the 7th May 2024:

Interlink Express Limited  
Interlink Express Parcels Limited  
D P D (UK) Limited

Pie Mapping Software Ltd, a subsidiary of DPDgroup UK Ltd, is currently undergoing a voluntary liquidation process and intends to be wound up for the period ending 29 December 2024.

##### Impairment testing

The carrying values of investments are tested for impairment annually and if there are indications that the carrying value may not be recoverable. This is done by calculating discounted cash flows using a group recommended discount rate of 9.0% (2022 - 10.0%). This rate is specific to the country and industry and derived from a post-tax weighted average cost of capital. The assumptions used in the calculation of the weighted average cost of capital are benchmarked to externally available data and therefore reflect current market assessments of the time value of money and relevant specific risks.

Discounted cash flow assumptions take into account profit and growth forecasts, any change in business performance and expected growth in the market. Management have used an approved forecast of greater than five years for impairment testing purposes.

The Directors have concluded that no investment value is impaired at forecasted cash flows levels and therefore no impairment has occurred in the period.

##### New subsidiary

DPDgroup UK Pension Trustee Limited, a subsidiary of the Company, was incorporated on 4 August 2023. Its main activity is other activities auxiliary to insurance and pension funding.

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**18. Stocks**

	31 December 2023 £000	1 January 2023 £000
Raw materials and consumables	8,278	7,985
	8,278	7,985
	8,278	7,985

During the period, the Company expensed £41,883,088 to the Profit and Loss Account relating to raw materials and consumables (2022: £51,359,418).

**19. Debtors**

	31 December 2023 £000	1 January 2023 £000
<b>Due after more than one year</b>		
Other debtors	129	259
	129	259
	129	259
<b>Due within one year</b>		
Trade debtors	171,965	175,348
Amounts owed by group undertakings	74	74
Other debtors	1,503	3,502
Prepayments and accrued income	35,984	29,864
Tax recoverable	234	1,953
	209,760	210,741
	209,760	210,741

There are no contractual agreements relating to amounts owed by group undertakings, which are repayable on demand.

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**20. Cash and cash equivalents**

	31 December 2023 £000	1 January 2023 £000
Cash at bank and in hand	71,132	43,734
	71,132	43,734

**21. Creditors: Amounts falling due within one year**

	31 December 2023 £000	1 January 2023 £000
Trade creditors	140,712	145,442
Amounts owed to group undertakings	320,813	363,952
Other taxation and social security	21,097	19,869
IFRS 16 lease liabilities	110,425	94,707
Other creditors	42,523	46,331
Accruals and deferred income	53,960	51,080
	689,530	721,381

There are no contractual agreements relating to amounts owed to group undertakings, which are repayable on demand.

Included in amounts owed to group undertakings is a loan repayment of £5,800,000 to Geopost SA. This attracted interest of 5.34% and is repayable in April 2024.

	31 December 2023 £000	1 January 2023 £000
<b>Other taxation and social security</b>		
PAYE/NI	10,007	12,842
VAT	11,090	7,027
	21,097	19,869

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**22. Creditors: Amounts falling due after more than one year**

	31 December 2023 £000	1 January 2023 £000
IFRS 16 lease liabilities	662,359	547,227
Amounts owed to group undertakings	-	5,800
	<u>662,359</u>	<u>553,027</u>

IFRS 16 lease liabilities falls within various nature categories, each with varying discount rates and payment terms and therefore it is not feasible to disclose the terms of each individual lease arrangement. The minimum discount rate is 0.94% and the maximum is 7.99%.

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	31 December 2023 £000	1 January 2023 £000
<b>IFRS 16 lease liabilities</b>		
Repayable by installments	344,177	276,336
	<u>344,177</u>	<u>276,336</u>
<b>Total amounts due after more than five years</b>	<u><u>344,177</u></u>	<u><u>276,336</u></u>

The material amount due after more than five years for IFRS 16 lease liabilities falls within the property lease classification and attracts a minimum discount rate of 1.29% and a maximum discount rate of 8.85%. The Company has a vast portfolio of property leases and therefore it is not feasible to disclose the terms of each individual lease arrangement.

All lease liabilities due after more than five years will be repayable by the year 2047.

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**23. Financial instruments**

	31 December 2023 £000	1 January 2023 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	71,132	43,734
Financial assets that are debt instruments measured at amortised cost	173,671	179,183
	244,803	222,917
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(1,276,832)	(1,203,459)

Financial assets measured at fair value through profit or loss comprise of cash in hand, at bank and forward contracts.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings, IFRS 16 lease receivables and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, IFRS 16 lease liabilities and other creditors.

**24. Deferred taxation**

	31 December 2023 £000	1 January 2023 £000
At beginning of period	(9,767)	(2,579)
(Charge) / Credit to profit or loss	615	(7,195)
Credits to other comprehensive income	1,538	7
<b>At end of period</b>	<b>(7,614)</b>	<b>(9,767)</b>

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DPDGROUP UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023

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24. **Deferred taxation (continued)**

The deferred tax liability is made up as follows:

	31 December 2023 £000	1 January 2023 £000
Accelerated capital allowances	(6,287)	(4,759)
IFRS 16 transitional reserve movement	3,883	829
Defined benefit pension	(3,747)	(4,374)
Revaluation surplus (undistributable reserves)	(1,463)	(1,463)
	<u>(7,614)</u>	<u>(9,767)</u>

25. **Called up share capital**

	31 December 2023 £000	1 January 2023 £000
<b>Authorised, allotted, called up and fully paid</b>		
39,744,536 (2022: 39,744,536) Ordinary shares of £1.00 each	39,745	39,745
	<u>39,745</u>	<u>39,745</u>

26. **Reserves**

**Share premium account**

The share premium account amounted to £119,000 as at 31 December 2023 (£119,000 1 January 2023).

**Profit and loss account**

Profit and loss reserve includes non-distributable reserves of £4,386,000, net of tax, as at 31 December 2023 (1 January 2023: £4,386,000), which relates to an old revaluation reserve upon transition to FRS 101. This has been presented separately in the Financial Statements.

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**DPDGROUP UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**27. Capital commitments**

At 31 December 2023 the Company had capital commitments as follows:

	31 December 2023 £000	1 January 2023 £000
Contracted for but not provided in these financial statements	4,690	23,890
	<u>4,690</u>	<u>23,890</u>

The commitment has reduced for the period ending 31 December 2023 as £19.2m relating to parcel sortation conveyor equipment purchases, has now been recognised under Tangible Fixed Assets (note 16).

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**28. Pension commitments**

In the UK, the Company operates a Group defined benefit pension scheme. The DPDgroup UK Ltd Pension Scheme, which was closed to new members in April 1999. The Group also operates two defined contribution schemes.

The Scheme's investments are managed by Columbia Threadneedle Investments (previously known as BMO) as the fiduciary manager. The investment strategy is agreed by the Trustees after taking appropriate advice. Subject to the investment strategy set by the Trustees, day to day management of the Scheme's portfolio, which includes full discretion over the investments held within the Private sub-fund, is the responsibility of the investment managers. The scheme also holds an insurance policy with the Pensions Insurance Corporation.

For pension disclosure purposes, the Company is deemed to be the principal employer for the defined benefit scheme. The contributions are determined by Hymans Robertson LLP, a professionally qualified actuary on the basis of triennial valuations using the projected unit method.

The main assumptions used to determine the defined benefit obligation are disclosed further in this note.

Reconciliation of present value of plan liabilities:

	31 December 2023 £000	1 January 2023 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	133,138	203,459
Current service cost	1,139	1,811
Interest cost	6,093	3,599
Actuarial (gains) / losses	5,866	(68,838)
Contributions	416	474
Benefits paid	(9,390)	(7,367)
<b>At the end of the period</b>	<b>137,262</b>	<b>133,138</b>

Reconciliation of present value of plan assets:

	31 December 2023 £000	1 January 2023 £000
At the beginning of the year	150,634	209,140
Interest income	7,089	3,901
Contributions	4,204	13,826
Benefits paid	(9,390)	(7,367)
Actual loss on assets	(287)	(68,866)

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**28. Pension commitments (continued)**

<b>At the end of the period</b>	152,250	150,634
Composition of plan assets:		
	31 December 2023 £000	1 January 2023 £000
Equities & insurance contracts	-	901
Diversified Growth Funds & LDI Funds	151,626	148,525
Cash and cash equivalents	624	1,208
<b>Total plan assets</b>	<b>152,250</b>	<b>150,634</b>
	31 December 2023 £000	1 January 2023 £000
Present value of plan assets	152,250	150,634
Present value of plan liabilities	(137,262)	(133,138)
<b>Net pension scheme asset</b>	<b>14,988</b>	<b>17,496</b>
The amounts recognised in profit or loss are as follows:		
	31 December 2023 £000	1 January 2023 £000
Current service cost	1,139	1,811
Interest on obligation	6,093	3,599
Interest income on plan assets	(7,089)	(3,901)
<b>Total amounts charged to the Profit and Loss Account</b>	<b>143</b>	<b>1,509</b>

The Company expects to contribute £670,000 to its defined benefit pension scheme in 2024.

None of the scheme assets are invested in any securities issued by DPDgroup UK Ltd or any property or other assets currently used by DPDgroup UK Ltd.

**DPDGROUP UK LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

**28. Pension commitments (continued)**

	31 December 2023 £000	1 January 2023 £000
<b>Analysis of actuarial losses recognised in Other Comprehensive Income</b>		
Actual return less interest income included in net interest income	(287)	(68,866)
Changes in assumptions underlying the present value of the scheme liabilities	(5,866)	68,838
	<u>(6,153)</u>	<u>(28)</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	31 December 2023 %	1 January 2023 %
Discount rate	4.26	4.76
Future salary increases	2.30	2.40
Future pension increases	2.30	2.40
Retail Price Inflation assumption	3.05	3.35
Mortality rates		
- for a male aged 65 now	20.6	21.1
- at 65 for a male aged 45 now	23.0	22.8
- for a female aged 65 now	23.2	23.4
- at 65 for a female member aged 45 now	26.2	25.0

**Curtailments and settlements**

We have not been advised of any material curtailments or settlements during the period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**28. Pension commitments (continued)**

**Pension sensitivity**

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate, life expectancy and inflation. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate was 0.5% higher the defined benefit net asset would increase by £7.5m (2022: £7.3m).

If the discount rate was 0.5% lower the defined benefit net asset would decrease by £8.3m (2022: £8.1m).

If the life expectancy increased by one year for both men and women the actuarial valuation of the liability would decrease by £2.8m (2022: increase by £5.3m).

If inflation increased by 0.5% the actuarial valuation of the liability would decrease by £3.4m (2022: increase by £5.4m).

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Contributions**

The Company contributes 24% of members pensionable earnings to the defined benefit scheme. Employees on the Grade 1 scheme contribute 13.1% and employees on the Grade 2 scheme contribute 9.5%.

The Company also pays annual special contributions per the Schedule of Contributions dated 29th June 2009. Special contributions of £3m were paid on 16 January 2023 and are reflected in the contributions to plan assets for the period ending 31 December 2023. The Company has committed to no future payments in 2024.

**Pension risk**

The pension benefits that will ultimately be paid to members of the Scheme will depend on the rate of future inflation and longevity of the Scheme's members, amongst other unknowns. The ultimate cost to the Company of paying these benefits, will depend on the long term future investment returns achieved on the Scheme's investments.

To mitigate the risk of the pension scheme the Company works closely within the Trustees to manage the Scheme in a prudent manner. The Company and the Trustees have implemented a number of changes to the Scheme over the past few years with the aim of reducing variability in the Scheme's investment strategy by gradually moving the investment in growth assets to less risky assets as the Scheme's funding level improves.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**28. Pension commitments (continued)**

**GMP equalisation impact**

An allowance for GMP equalisation was made at the 2018 and 2019 year end dates. This equated to 1.7% of the Scheme liabilities.

Following a court ruling on 20 November 2020, for period ending 3 January 2021 an allowance was made for the estimated impact of GMP equalisation on the historic transfer values paid prior to the 30 December 2018 disclosures.

The allowance made in respect of historic transfers was £283,000 and was recognised through the Profit and Loss Account as a past service cost for period ended 3 January 2021.

As these amounts have previously been recognised, and are now within the Defined Benefit Obligation, no further allowance has been made this year.

The GMP equalisation project is ongoing and the amount recognised may need to be updated once the project is completed, but any amount is not expected to be material.

**29. Commitments under operating leases**

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Lease payments for 31 December 2023 within Other expiring includes £nil (2022: nil) of vehicle operating leases that do not fall under IFRS 16 lease classification and subsequently not reported in note 15.

**30. Related party transactions**

As the Company is a wholly owned subsidiary undertaking, advantage has been taken of the exemption under FRS 101 and balances and transactions with wholly owned entities forming part of the group have not been disclosed.

**31. Events after the reporting period**

There are no other significant events after the year-end that have not been reflected in these financial statements

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**DPDGROUP UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

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**32. Ultimate parent undertaking and controlling party**

The Company is wholly owned by GeoPost Holdings Limited, a company incorporated in the United Kingdom.

The smallest group in which the results of the Company are consolidated is headed by GeoPost SA, a company incorporated in France.

The largest group in which the results of the Company are consolidated is headed by La Poste, the ultimate parent company, a company incorporated in France. The consolidated financial statements of these groups are available to the public and may be obtained from the registered offices as follows:

La Poste,  
9 rue du Colonel Pierre Avia,  
75015,  
Paris,  
France.