Registered number: 00732993

DPDGROUP UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 DECEMBER 2019

DPDGROUP UK LTD

COMPANY INFORMATION

Directors	D McDonald DL Adams PM Chavanne (resigned 25 May 2020) D Smith YPL Delmas (appointed 16 June 2020)
Company secretary	DL Adams
Registered number	00732993
Registered office	Roebuck Lane Smethwick West Midlands B66 1BY
Independent auditor	KPMG LLP Chartered Accountants One Snowhill Snow Hill Queensway Birmingham West Midlands B4 6GH

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STRATEGIC REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2019

Introduction

The directors present their Strategic Report for DPDgroup UK Ltd ("the Company") for the period ended 29 December 2019.

The Company provides transport related services, including the collection and delivery of parcels, distribution and logistics management. There have 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.

Strategy

The Company has continued to develop its businesses and the directors are satisfied with the operating results.

The Company has continued to offer excellent levels of service to its customers and the directors believe that it has grown its market share in line with its strategic objectives. The Company will continue to place great strategic emphasis on achieving and maintaining the "best customer service" available in the market place, along with recruiting and retaining the most skilled workforce in the market and using the best technology available.

The Company has made plans to continue to grow market share and has put in place strategies and investment programmes to achieve this objective.

The Board believes that the Company is well placed to deliver further growth of revenue and profit from both core products and from further value-added services.

Operational review

The Company continued to offer a full range of domestic and international, door to door, collection and delivery parcel services. The largest share of revenue continued to come from Next Day parcels, although the Company continued to grow revenue from its premium, international and specialist value-added services.

Growth in outbound international services was faster than that of domestic services and the Company continued to benefit from its group membership of the leading European road based DPD network.

The Company has continued to invest heavily in training programmes for its employees and continues to recognise the outstanding pride and passion of all of its employees and owner driver franchisees.

The Company has continued to develop and build upon its industry leading customer care programmes, to maintain its excellent health and safety standards and to take the utmost care in the safe handling of its customers' parcels.

The Company ended the year in a very strong financial position and the Board believe that this position, coupled with the strength of its parent La Poste (The French Post Office), puts it in a market leading position for future development.

DPD App

The Company has continued to grow and develop Your DPD, a free to download application giving customers more convenience and more control over their parcel deliveries and has achieved over 7 million downloads since launch. Customers can create their own profiles, set their delivery preferences and track deliveries allowing them to fully create their own parcel plan for the first time.

The App was further enhanced in 2018 with the key addition of new features including parcel shipping and voice facilities. Along with other unique services such as Predict and Follow My Parcel, this App has allowed the Company to offer its best ever service to its customers and further differentiate itself from other parcel carriers in the UK market.

Investment for growth

The Company continues to invest in its infrastructure: it is building a 5th Hub facility representing a £150m investment to achieve its long term strategic aspirations.

The Company continues to invest in its network of delivery and collection depots and it has invested in larger depot sites (Distribution Centres) to ensure it has the required capacity to meet customer demands. The Company will also look to explore and expand its network of depots within all major city centres in the coming years as part of its 'urban logistics' focus.

Technology and innovation

DPD is widely acknowledged as a market leader in innovation, and involved in the creation and development of a series of award winning 'firsts'.

The Company's unique Predict service continues to be further enhanced to provide more choice for customers giving them access to a range of 'in-flight' delivery options the evening before delivery. Voted one of the top retail innovations of recent times, it enables customers to plan ahead or change delivery details. Customers then receive advanced notification of their exact one hour delivery time slot and can track their delivery using a unique mapping tool all the way to their front door.

Looking after the environment

As part of the company's Smart Urban Delivery Strategy, it recently opened the UK's first all-electric micro-depot in Westminster. The Company is now building a network of these micro-depots, meaning cleaner deliveries in even more areas. DPD's electric vehicle fleet was over 130 vehicles in 2019 and this number will grow to over 700 in 2020.

Award winning

DPD won the prestigious Queens' Award for Enterprise in 2015 in the innovation category for its unique 1-hour delivery service – Predict.

At the 2019 Motor Transport Awards, DPD retained the prestigious Home Delivery Operator of the Year and Customer Care categories. The Company also won a prestigious National Business Award in the 'Customer Excellence & Loyalty' category, plus three national accolades for sustainable development achievements.

Health and Safety

DPD were recently awarded the RoSPA Gold Health & Safety Award and achieved the President's Award for achieving 10 consecutive Gold's in Health and Safety. The Company continues to take health and safety very seriously and will place further emphasis on these areas over the coming periods.

Customer centricity

DPD recently topped the MoneySavingExpert customer satisfaction polls for the seventh year running.

Future developments

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

The Company recently introduced a new self-employed franchise pay scheme and has offered its owner driver franchisees a choice between staying self-employed or moving to a new contract where holiday and sick pay will form the new contract.

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 projections include an assumption of economic growth (based on independent information), however the Board recognises that this element of growth is a risk. However, the Board is confident that its strategies for profitable growth aided by its strategic and operating investments, mitigate the risk of an economic downturn as much as possible.

Brexit

The delay to the process of Brexit is causing uncertainty in the market and poses a potential risk to the projected growth rates of our International business. In light of this, the Company has made significant investments in it's people, processes and technology to ensure it is ready to meet any Brexit outcomes.

Coronavirus

The World Health Organization (WHO) declared the outbreak of Coronavirus (Covid-19) a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020.

Despite the pandemic, the company has not had to take advantage of the government's support schemes and continue to trade ahead of their pre-Covid levels, continued to offer excellent service levels to their customers and continue to grow their market share in line with strategic objectives.

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.

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 Business Interruption policy contains continuity plans which the Board believe minimise the risk to the Company.

Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk, the effects of foreign currency, exchange rates and interest rates. The Company's overall risk management policy focuses on monitoring potential adverse effects where considered material. The Company may use derivative financial instruments, such as forward contracts to hedge against certain future exposures.

Interest rate risk

The Company's activities expose it to interest rate risk. To mitigate this risk the Company utilises a group facility. The Company's facility with GeoPost Holdings Limited is deemed payable on demand regardless of the maturity profile of loans that have been taken under this facility.

Liquidity risk

The Company's liquidity position is reviewed on a daily basis for short term liquidity risk and on a monthly basis for long term liquidity risk. 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 exchange risk

The Company's principal foreign currency exposures arise from overseas purchases of goods and services. In 2018 the Company has not hedged against these transactions through the use of forward exchange contracts as the volume of purchases and volatility in currency rates has not warranted this. However, the Company keeps movements on exchange rates under close review and will use forward contracts when deemed necessary.

Credit risk

The Company manages everything that is important to its customers and to its financial performance through a series of Key Performance Indicators (KPIs). Using a decentralised management approach wherever possible, KPIs may be measured at both a depot and Company level.

KPIs

The KPIs used within the Company include:

- On-time delivery service levels; key service level targets were achieved during the year.

- Operational unit costs; the KPIs on operational unit costs are managed actively by the business and it continuously seeks to improve delivery stop density, which is a key driver in managing operational unit cost. Due to the sensitive nature of these KPIs, information on these is not provided.

- Days sales outstanding; these were 34 days (2018: 34 days).

- Turnover; increasing 6% to £1,028m (2018: £973m).

- Operating profit; increasing 8% to £128m (2018: £119m).

- Profit before tax; decreasing 5% to £135m (2018: £142m).

Corporate Governance - appliance of the Wates Principles

For the period ended 29 December 2019, under the Companies (Miscellaneous Reporting) Regulations 2018 and to comply with section 172 of the Companies Act 2006, the Company has applied the 6 Wates Corporate Governance Principles for large private companies as detailed below.

1. Purpose and leadership

The Company's purpose and strategy are clearly communicated

The Company's purpose is to be the leading parcel carrier in the UK. Its strategy focuses on: 1. deliver the best service, 2. use the best technology 3. retain and develop the best people 4. to be the most sustainable parcel delivery company in the UK.

The Company's values focus on being a responsible partner to the people, businesses and communities it works closely with

The company believes in being a responsible partner to the people, businesses and communities it works closely with. It does this with:

1. Carbon neutral commitment - Being the only delivery network dedicated to making every parcel we deliver carbon neutral, for all our customers;
2. Innovative entrepreneurship - Sharing our 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 our impact on the environment; and
4. Closer communities - Bringing people together to support and build the communities we're closest to.

2. Board composition

The Board comprises a Chairman, a Chief Executive Officer, Executive directors, and a Company Secretary. The Senior Management Team (SMT) reports to the Board

The Board comprises a Chairman, a Chief Executive Officer (CEO), Executive directors 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 Management Team ("SMT").

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

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

The SMT mix is balanced and diverse

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

The SMT members are monitored against targets to assess their effectiveness

Board and SMT 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 SMT Members are set targets and monitored against these regularly.

3. Director responsibilities

Directors adhere to Group corporate governance

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.

There are clear defined roles, appropriate authorisation limits and strong controls in place

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 identifies incompatible tasks to maintain a strong control environment.

All Board and SMT members are required to declare conflicts of interest and adhere to the Bribery & Anti-corruption policy

Each Board and SMT 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 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 Operational Board

The SMT 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

Opportunities and risks are evaluated

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

A bi-annual exercise is undertaken by Internal Audit to collate Company wide risk registers

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 Risk Committee - monitors the effectiveness of risk identification, classification and mitigation

The Company has a Risk Committee comprising executive directors, Internal Auditor, 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 mitigation's are outlined in the Strategic Reports. In addition to the Risk Committee, the Company submits to Group on an annual basis the Corporate Risk register.

The Company maintain 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. It is also certified for ISO 9001 and ISO 14001.

In addition the Company maintains full compliance with all applicable legislation and contractual requirements (e.g. the EU General Data Protection Regulation, Data Protection Act 2018), and any supporting management system certifications (e.g. ISO/IEC 27001:2013 and ISO/IEC 27701:2019) by operating an Information Security Management System aligned to the principles of ISO/IEC 27001. 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 SMT receives regular and timely information on financial and non-financial performance, supported by Key Performance Indicators ("KPIs"). Analysts provide the SMT 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.

Appropriate approvals are in place for transactions

The Board and SMT 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 pay is authorised by Group; Director and SMT pay is authorised by the CEO

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

The Gender Pay Gap and equal pay

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

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 engages in open and honest dialogue with external 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's website, intranet and social media channels provide extensive and up to date news on recent developments.

A number of initiatives have been used to ensure employee engagement

There are also a number of current initiatives designed to communicate openly to the workforce, these include:
- 'This is Us' book
- Corporate induction for all new employees
- Regular email newsletters
- A quarterly magazine
- An Annual Sales conference
- New starter surveys

These initiatives have allowed the workforce to be kept up-to-date with the Company values and activities, and allowed the workforce to feed back their views.

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.

Community fund

The Company launched the Community Fund in 2017, which donates money to charities and local community projects.

This report was approved by the board on 6 October 2020 and signed on its behalf.

DL Adams
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2019

The Directors present their report and the financial statements for the period ended 29 December 2019.

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 £111,434,000 (2018: £118,136,000).

Dividends of £2.59 per ordinary share (2018: £2.21) amounting to £103,000,000 (2018: £88,000,000) were paid in the year.

Directors

The Directors who served until the date of signing accounts were:

D McDonald
DL Adams
PM Chavanne (resigned 25 May 2020)
D Smith
YPL Delmas (appointed 16 June 2020)

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.

Employee Engagement and Business Relationship

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

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end other than those highlighted in note 31.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 29 DECEMBER 2019

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 6 October 2020 and signed on its behalf.

DL Adams
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 DECEMBER 2019

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.

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

Opinion

We have audited the financial statements of DPDgroup UK Limited ("the Company") for the year ended 29th December 2019 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 29 December 2019 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

- 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.

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 11, 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 provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.

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

6 October 2020

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Note	29 December 2019 £000	30 December 2018 £000
Turnover	4	1,028,134	972,811
Cost of sales		(814,873)	(784,637)
Gross profit		213,261	188,174
Other operating charges		(85,664)	(69,472)
Operating profit	5	127,597	118,702
Income from other fixed asset investments	9	25,000	25,000
Interest receivable and similar income	10	148	93
Interest payable and similar expenses	11	(17,652)	(1,323)
Profit before tax		135,093	142,472
Tax on profit	12	(23,659)	(24,336)
Profit for the financial period		111,434	118,136

The notes on pages 21 to 56 form part of these financial statements.

OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Note	29 December 2019 £000	30 December 2018 £000
Profit for the financial period		111,434	118,136
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit schemes	28	(5,473)	(2,760)
Tax relating to components of other comprehensive income	24	931	469
Remeasurement of unfunded Employer-financed retirement benefits scheme (EFRBS)	28	(195)	73
Other comprehensive income net of tax		(4,737)	(2,218)
Total comprehensive income for the period		106,697	115,918

The notes on pages 21 to 56 form part of these financial statements.

BALANCE SHEET
AS AT 29 DECEMBER 2019

	Note	29 December 2019 £000	30 December 2018 £000
Fixed assets			
Intangible assets	14	1,374	1,107
Tangible assets	16	652,423	218,145
Investments	17	56,736	81,023
		710,533	300,275
Current assets			
Stocks	18	5,784	5,484
Debtors: amounts falling due after more than one year	19	8,328	7,696
Debtors: amounts falling due within one year	19	168,431	174,844
Cash at bank and in hand	20	12,214	8,088
		194,757	196,112
Creditors: amounts falling due within one year	21	(397,581)	(330,828)
Net current liabilities		(202,824)	(134,716)
Total assets less current liabilities		507,709	165,559
Creditors: amounts falling due after more than one year	22	(371,976)	(5,800)
		135,733	159,759
Pension liability		(32,530)	(40,672)
Net assets		103,203	119,087

BALANCE SHEET (CONTINUED)
AS AT 29 DECEMBER 2019

	Note	29 December 2019 £000	30 December 2018 £000
Capital and reserves			
Called up share capital	25	39,745	39,745
Share premium account	26	119	119
Profit and loss account	26	63,339	79,223
		103,203	119,087

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 October 2020.

D McDonald
Director

D L Adams
Director

The notes on pages 21 to 56 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	39,745	119	79,223	119,087
Impact on change in accounting policy - IFRS 16	-	-	(19,581)	(19,581)
At 1 January 2019 (adjusted balance)	39,745	119	59,642	99,506
Comprehensive income for the period				
Profit for the period	-	-	111,434	111,434
Other comprehensive income - pensions	-	-	(4,542)	(4,542)
Other comprehensive income - EFRBS	-	-	(195)	(195)
Total comprehensive income for the period	-	-	106,697	106,697
Transactions with owners, recorded directly in equity				
Dividends paid	-	-	(103,000)	(103,000)
At 29 December 2019	39,745	119	63,339	103,203

The notes on pages 21 to 56 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	39,745	119	51,305	91,169
Comprehensive income for the period				
Profit for the period	-	-	118,136	118,136
Other comprehensive income - pensions	-	-	(2,291)	(2,291)
Other comprehensive income - EFRBS	-	-	73	73
Total comprehensive income for the period	-	-	115,918	115,918
Transactions with owners, recorded directly in equity				
Dividends paid	-	-	(88,000)	(88,000)
At 31 December 2018	39,745	119	79,223	119,087

The notes on pages 21 to 56 form part of these financial statements.

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 have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements.

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.

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 reconciliation's 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.

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

2. Accounting policies (continued)

2.2 Going concern

Notwithstanding net current liabilities of £202,824,000 as at 29 December 2019, including £432,575,000 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 Directors have prepared detailed financial forecasts, taking into account reasonable, possible downside scenarios and with due consideration to the impact of the Covid-19 pandemic. These forecasts show that the Company has sufficient financial resources to enable the Company to continue to operate for at least twelve months following the signing date of these accounts.

Those forecasts are dependent on the Company's intermediate parent companies, Geopost Holdings Limited and Geopost Intermediate Holdings, not seeking repayment of the amounts currently due to them, which at 29 December 2019 amounted to £89,276,000. Geopost Holdings Limited and Geopost Intermediate Holdings 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. Revenue is recognised after collection and sortation of consignments.

2.4 *Impact of new international reporting standards, amendments and interpretations*

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

for leases previously classified as operating leases under IAS 17 -

the Company has applied a single discount rate to a portfolio of leases with similar characteristics.

the Company has adjusted the right-of-use assets by the amount of IAS 37 onerous contract provisions immediately before the date of initial application, as an alternative to an impairment review.

the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

As required under IFRS 16, the Company has reassessed subleases, classified as operating leases under IAS 17 and ongoing at the date of initial application, by reference to the right-of-use asset arising from the head lease to determine whether these should be treated as operating or finance leases under the new standard. This assessment has been carried out at the date of initial application

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date. Where the assessment concludes that the sublease should be classified as a finance lease under IFRS 16, it has been accounted for as a new finance lease entered into at 1 January 2019.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Statement of financial position (extract)

	30 December 2018 As originally presented £000	IFRS 16 £000	30 December 2018 Adjusted balance £000
Fixed assets			
Intangible assets	1,107	-	1,107
Tangible assets	218,145	405,132	623,277
Investments	81,023	-	81,023
	-	405,132	405,132
Current assets			
Stocks	5,484	-	5,484
Debtors	182,540	2,783	185,323
Cash at bank and in hand	8,088	-	8,088
Total current assets	196,112	2,783	198,895
Creditors: amounts falling due within one year	(330,828)	(74,463)	(405,291)
Total assets less current liabilities	165,559	333,452	499,011
Creditors: amounts falling due after more than one year	(5,800)	(353,033)	(358,833)
Pension liability	(40,672)	-	(40,672)
Net assets	119,087	(19,581)	99,506
Capital and reserves			
Called up share capital	39,745	-	39,745
Share premium account	119	-	119
Profit and loss account	79,223	(19,581)	59,642

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

Statement of financial position (extract) (continued)

	30 December 2018 As originally presented £000	IFRS 16 £000	30 December 2018 Adjusted balance £000
	119,087	(19,581)	99,506

2.5 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.

2. Accounting policies (continued)

2.5 Leases (continued)

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 2.7.

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.

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.

2.6 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%

2.7 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.

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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. Accounting policies (continued)

2.10 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'.

2.11 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.

2.12 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.

2. Accounting policies (continued)

2.13 Financial instruments

Financial assets carried at amortised cost

Financial assets are recognised on the Balance Sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables only.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

2.14 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 guildlines 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. Accounting policies (continued)

2.15 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 29 December 2019 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.

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'.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date 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 date.

2.17 Interest income

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

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 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.

2.20 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.

4. Turnover

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

	29 December 2019 £000	30 December 2018 £000
Parcel distribution and related services	1,028,134	972,811
	1,028,134	972,811

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	29 December 2019 £000	30 December 2018 £000
Depreciation of tangible fixed assets	23,084	19,334
Depreciation of IFRS 16 Right of Use tangible fixed assets	72,237	-
Amortisation of intangible assets, including goodwill	462	310
Foreign exchange (gains) / losses	(403)	344
Defined contribution pension cost	9,116	5,617
Defined benefit pension cost	1,646	1,915
Operating lease payments for the hire of plant and machinery (non IFRS 16)	7,013	61,502
	113,155	89,022

6. Auditor's remuneration

	29 December 2019 £000	30 December 2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	145	124

7. Employees

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

	29 December 2019 £000	30 December 2018 £000
Wages and salaries	265,814	247,786
Social security costs	23,039	22,103
Cost of defined benefit scheme	1,646	1,915
Cost of defined contribution scheme	9,116	5,617
	299,615	277,421

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

	29 December 2019 No.	30 December 2018 No.
Administration, sales and supervision	2,110	1,993
Operational	5,215	5,236
	7,325	7,229

8. Directors' remuneration

	29 December 2019 £000	30 December 2018 £000
Directors' emoluments	2,042	1,868
	2,042	1,868

During the period retirement benefits were accruing to no Directors (2018: none) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no Directors (2018: none) in respect of defined benefit pension schemes.

There are three directors' who are deferred members of the defined benefit scheme (2018: 3).

The highest paid Director received remuneration of £1,060,738 (2018: £948,494).

The highest paid Director is a deferred member of the defined benefit scheme and accordingly has not accrued any benefit in 2019.

9. Income from investments

	29 December 2019 £000	30 December 2018 £000
Dividends received from shares in subsidiary undertakings	25,000	25,000
	25,000	25,000

10. Interest receivable and other similar income

	29 December 2019 £000	30 December 2018 £000
Interest receivable from IFRS 16 leases	40	-
Other interest receivable	108	93
	148	93

11. Interest payable and similar expenses

	29 December 2019 £000	30 December 2018 £000
Other interest payable	64	76
Loans from group undertakings	315	315
Interest on IFRS 16 lease liabilities	16,566	-
Interest on pension scheme liabilities	707	932
	17,652	1,323

12. Taxation

	29 December 2019 £000	30 December 2018 £000
Current tax		
Current tax on profits for the period	21,741	24,211
Total current tax	21,741	24,211
Deferred tax		
Origination and reversal of temporary differences	1,918	125
Total deferred tax	1,918	125
Taxation on profit on ordinary activities	23,659	24,336

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	29 December 2019 £000	30 December 2018 £000
Profit on ordinary activities before tax	135,093	142,472
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	25,668	27,070
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,379	1,408
Subsidiary loan write off not deductible for tax purposes	-	889
Loss on disposal of fixed assets	31	2
Other differences	1,918	125
Dividends from UK companies	(4,750)	(4,750)
Pension payment tax relief	(2,587)	(408)
Total tax charge for the period	23,659	24,336

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. Therefore there are no factors that would affect the future tax charges.

13. Dividends

	29 December 2019 £000	30 December 2018 £000
Dividends paid on ordinary share capital	103,000	88,000
	103,000	88,000

Dividends of £2.59 per ordinary share (2018: £2.21) were paid in the period.

14. Intangible assets

	Software upgrades £000
Cost	
At 1 January 2019	5,502
Additions - internal	729
Disposals	(1,398)
At 29 December 2019	4,833
Amortisation	
At 1 January 2019	4,395
Charge for the period on owned assets	462
On disposals	(1,398)
At 29 December 2019	3,459
Net book value	
At 29 December 2019	1,374
At 30 December 2018	1,107

Software additions during the year included £673,000 of intangibles transferred out of the assets under construction account (see note 15).

15. IFRS 16 leases

Company as a lessee

The Company has a large number of operating lease agreements classified under IFRS 16, which 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 25 years). Sortation equipment leases would typically have a lifetime of 7 years and vehicles between 3 and 9 years dependant on the vehicle type.

Lease liabilities are due as follows:

	29 December 2019 £000
Not later than one year	66,399
Between one year and five years	146,795
Later than five years	219,381
	432,575

The following amounts in respect of IFR 16 leases, where the Company is a lessee, have been recognised in the Profit and Loss Account:

	29 December 2019 £000
Interest expense on lease liabilities	16,566
Gain on termination of leases	(100)
Depreciation of Right-of-use leased assets	72,237
IFRS 16 non lease component	5

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 tenants.

Operating leases

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

	29 December 2019 £000
Not later than one year	308
Between one and two years	322
Between three and four years	160

15. IFRS 16 leases (continued)

Total undiscounted lease payments receivable	790

Lease income from operating lease contracts in which the Company acts as a lessor is as below and recognised within interest receivable:

	29 December 2019 £000
Lease income	41

16. Tangible fixed assets

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000
Cost or valuation					
At 1 January 2019	134,852	32,788	47,348	5,945	27,911
Impact of change in accounting policy	-	311,368	110,436	190,351	-
At 1 January 2019 (adjusted balance)	134,852	344,156	157,784	196,296	27,911
Additions	60	50,890	11,424	29,739	2,252
Transfers intra group	-	-	-	-	-
Disposals	-	(3,316)	(30,163)	(27,498)	(425)
Transfers between classes	-	1,877	2,271	76	1,452
At 29 December 2019	134,912	393,607	141,316	198,613	31,190
Depreciation					
At 1 January 2019	26,064	14,689	31,801	2,989	16,379
Impact of change in accounting policy	-	66,266	62,302	79,725	-
At 1 January 2019 (adjusted balance)	26,064	80,955	94,103	82,714	16,379
Charge for the period on owned assets	4,058	21,019	17,648	40,018	4,766
Disposals	-	(1,352)	(30,139)	(26,784)	(405)

16. Tangible fixed assets (continued)

At 29 December 2019	30,122	100,622	81,612	95,948	20,740
Net book value					
At 29 December 2019	104,790	292,985	59,704	102,665	10,450
At 30 December 2018	108,788	18,099	15,547	2,956	11,532

	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation			
At 1 January 2019	51,180	44,671	344,695
Impact of change in accounting policy	3,092	-	615,247
At 1 January 2019 (adjusted balance)	54,272	44,671	959,942
Additions	3,248	29,913	127,526
Transfers intra group	-	550	550
Disposals	(2,682)	-	(64,084)
Transfers between classes	2,785	(9,135)	(674)
At 29 December 2019	57,623	65,999	1,023,260
Depreciation			
At 1 January 2019	34,628	-	126,550
Impact of change in accounting policy	1,916	-	210,209
At 1 January 2019 (adjusted balance)	36,544	-	336,759
Charge for the period on owned assets	7,812	-	95,321
Disposals	(2,563)	-	(61,243)

16. Tangible fixed assets (continued)

At 29 December 2019	41,793	-	370,837
Net book value			
At 29 December 2019	15,830	65,999	652,423
At 30 December 2018	16,552	44,671	218,145

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

	29 December 2019 £000
Tangible fixed assets owned	233,214
Right-of-use tangible fixed assets	419,209
	652,423

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

Net book value

	29 December 2019 £000
Property	275,449
Plant and machinery	99,690
Motor vehicles	43,510
Office and computer equipment	560
	419,209

16. Tangible fixed assets (continued)

Depreciation charge for the period ended

	29 December 2019 £000
Property	25,077
Plant and machinery	17,648
Motor vehicles	40,018
Office and computer equipment	12,578
	(95,321)

Additions to right-of-use assets

	29 December 2019 £000
Additions to right-of-use assets	89,085

17. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	81,023
Disposals	(24,287)
At 29 December 2019	56,736
Net book value	
At 29 December 2019	56,736
At 30 December 2018	81,023

17. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Interlink Express Plc (1)	Reference 1	Sub-holding company	Ordinary	100%
Interlink Express Parcels Limited (1)	Reference 1	Dormant	Ordinary	100%
Dynamic Parcel Distribution 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%
Mail Plus Limited (1)	Reference 1	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%
GeoPost UK Limited (1)	Reference 1	Dormant	Ordinary	100%
Mpie Limited (5)	Reference 1	Dormant	Ordinary	83%
Pie Mapping Software Ltd (1)	Reference 1	Dormant	Ordinary	83%
Pie Mapping Limited (5)	Reference 1	Dormant	Ordinary	83%

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 Pie Mapping Software Ltd

The investment in wnDirect Limited, a former subsidiary, was sold to Asendia UK for £21,420,000 on 8 March 2019.

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 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.

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 group recommended discount rates.

Discounted cash flow assumptions take into account key customer profit and growth forecasts, any decline in business performance and growth in the international market.

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

18. Stocks

	29 December 2019 £000	30 December 2018 £000
Fuel and engineering stock	5,784	5,484
	5,784	5,484

In the opinion of the directors, the disclosure of stock recognised as an expense would be seriously prejudicial to the interest of the Company.

19. Debtors

	29 December 2019 £000	30 December 2018 £000
Due after more than one year		
IFRS 16 lease receivables	790	-
Deferred tax asset	7,538	7,696
	8,328	7,696

	29 December 2019 £000	30 December 2018 £000
Due within one year		
Trade debtors	135,363	131,194
Amounts owed by group undertakings	447	447
Other debtors	2,994	723
Prepayments and accrued income	29,627	42,480
	168,431	174,844

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

20. Cash and cash equivalents

	29 December 2019 £000	30 December 2018 £000
Cash at bank and in hand	12,214	8,088
	12,214	8,088

21. Creditors: Amounts falling due within one year

	29 December 2019 £000	30 December 2018 £000
Trade creditors	84,246	90,179
Amounts owed to group undertakings	166,445	168,641
Corporation tax	10,312	12,146
Other taxation and social security	9,266	9,102
IFRS 16 lease liabilities	66,399	-
Other creditors	27,651	18,702
Accruals and deferred income	33,262	32,058
	397,581	330,828

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

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

	29 December 2019 £000	30 December 2018 £000
IFRS 16 lease liabilities	366,176	-
Amounts owed to group undertakings	5,800	5,800
	371,976	5,800

Interest is charged at 5.34% on a loan of £5,800,000 from Geopost SA. This loan is repayable in April 2024.

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 0.97% and the maximum is 13.30%.

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

	29 December 2019 £000	30 December 2018 £000
IFRS 16 lease liabilities		
Repayable by installments	219,380	-
	219,380	-
Other liabilities		
Total amounts due after more than five years	219,380	-

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 1.33% and a maximum discount rate of 5.51%. 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 2044.

23. Financial instruments

	29 December 2019 £000	30 December 2018 £000
Financial assets		
Financial assets measured at fair value through profit or loss	12,214	8,088
Financial assets that are debt instruments measured at amortised cost	139,594	132,364
	151,808	140,452
Financial liabilities		
Financial liabilities measured at amortised cost	(716,717)	(277,522)

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

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

	29 December 2019 £000	30 December 2018 £000
At beginning of period	7,696	7,352
Credit/charge to profit or loss	(1,918)	(125)
Credit/charge to other comprehensive income	931	469
IFRS 16 transition deferred tax	829	-
At end of period	7,538	7,696

24. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	29 December 2019 £000	30 December 2018 £000
Accelerated capital allowances	2,174	1,777
IFRS 16 transitional reserve movement	829	-
Defined benefit pension	5,530	6,914
Revaluation surplus	(995)	(995)
	7,538	7,696

25. Called up share capital

	29 December 2019 £000	30 December 2018 £000
Authorised, allotted, called up and fully paid		
39,744,536 (2017: 39,744,536) Ordinary shares of £1.00 each	39,745	39,745

26. Reserves

Share premium account

The share premium account amounted to £119,000 as at 29 December 2019 (£119,000 30 December 2018).

Profit and loss account

Profit and loss reserve includes non-distributable reserves of £4,856,000, net of tax, as at 29 December 2020 (30 December 2018: £4,856,000).

27. Capital commitments

At 29 December 2019 the Company had capital commitments as follows:

	29 December 2019 £000	30 December 2018 £000
Contracted for but not provided for in these financial statements	27,870	59,810
	27,870	59,810

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 defined benefit scheme is funded by contributions from employers and employees. The schemes' assets are held in funds administered by Legal & General, BMO Global Asset Management, Invesco Perpetual, M&G Total Return Credit Investment Fund and consist mainly of investments in listed companies. 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:

	29 December 2019 £000	30 December 2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the period	190,564	196,327
Current service cost	1,646	1,915
Interest cost	5,038	5,016
Actuarial (gains) / losses	21,282	(6,378)
Contributions	474	468
Benefits paid	(12,839)	(6,784)
At the end of the period	206,165	190,564

Reconciliation of present value of plan assets:

	29 December 2019 £000	30 December 2018 £000
At the beginning of the period	149,892	156,269
Interest income	4,331	4,084
Contributions	16,442	5,461
Benefits paid	(12,839)	(6,784)
Actual return on assets	15,809	(9,138)
At the end of the period	173,635	149,892

28. Pension commitments (continued)

Composition of plan assets:

	29 December 2019 £000	30 December 2018 £000
Equities & Insurance contracts	32,690	25,812
Diversified Growth Funds & LDI Funds	140,563	123,532
Cash and cash equivalents	381	548
Total plan assets	173,634	149,892

	29 December 2019 £000	30 December 2018 £000
Fair value of plan assets	173,635	149,892
Present value of plan liabilities	(206,165)	(190,564)
Net pension scheme liability	(32,530)	(40,672)

The amounts recognised in profit or loss are as follows:

	29 December 2019 £000	30 December 2018 £000
Current service cost	1,646	1,915
Interest on obligation	5,038	5,016
Interest income on plan assets	(4,331)	(4,084)
Total amounts charged to Profit and Loss Account	2,353	2,847

The Company expects to contribute £15,910,000 to its Defined benefit pension scheme in 2020.

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.

28. Pension commitments (continued)

	29 December 2019 £000	30 December 2018 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	15,809	(9,138)
Changes in assumptions underlying the present value of the scheme liabilities	(21,282)	6,378
	(5,473)	(2,760)

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

	29 December 2019 %	30 December 2018 %
Discount rate	1.90	2.70
Future salary increases	2.10	2.25
Future pension increases	3.05	3.15
Retail Price Inflation assumption	3.10	3.25
Mortality rates		
- for a male aged 65 now	21.3	21.7
- at 65 for a male aged 50 now	23.1	23.6
- for a female aged 65 now	23.3	23.9
- at 65 for a female member aged 50 now	25.3	25.9

Curtailments and settlements

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

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 liability would decrease by £16.2m (2018: £14.5m for 0.1%).
If the discount rate was 0.5% lower the defined benefit net liability would increase by £18.6m (2018: £16.6m).

If the life expectancy increased by one year for both men and women the actuarial valuation of the liability would increase by £9.0m (2018: £7.0m).

If inflation increased by 0.5% the actuarial valuation of the liability would increase by £13.0m (2018: £9.9m).

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

Contributions

The Company contributes 21.1% of members pensionable earnings to the defined benefit scheme. Employees on the Grade 1 scheme contribute 10.2% and employees on the Grade 2 scheme contribute 7.3%.

The Company also pays annual special contributions per the Schedule of Contributions dated 29th June 2009. Special contributions of £15m were paid on 31 January 2019. The Company has committed to future payments of £15m in both 2020 and 2021.

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 risks of the pension scheme the Company works closely with 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.

GMP equalisation impact

The Company disclosed an additional liability of £750,000 in respect of GMP equalisation as at 30 December 2018 and during 2019 estimated this liability would increase to £3,200,000 by the end of the period.

28. Pension commitments (continued)

Therefore the Company has included an additional liability of £2,450,000 for GMP equalisation through Other Comprehensive Income (OCI) in the period. The Company has recognised this allowance within the "Changes in demographic assumptions line" of the actuarial report.

29. Commitments under operating leases

At 29 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 December 2019 £000	30 December 2018 £000
Land and building expiring:		
Not later than 1 year	-	24,998
Later than 1 year and not later than 5 years	-	89,387
Later than 5 years	-	259,726
Total	-	374,111

	29 December 2019 £000	30 December 2018 £000
Other expiring:		
Not later than 1 year	1,573	55,241
Later than 1 year and not later than 5 years	-	103,089
Later than 5 years	-	7,198
Total	1,573	165,528

Lease payments for 29 December 2019 within Other expiring includes £1,573,000 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.

The Company was invoiced £nil (2018: £316,000) during the year by Pie Mapping Software Ltd in respect of software development services.

At the year end the amount still owed to Pie Mapping Software Ltd was £nil (2018: £nil).

31. Events after the reporting period

Coronavirus

The World Health Organization (WHO) declared the outbreak of Coronavirus (Covid-19) a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020.

Despite the pandemic, the company has not had to take advantage of the government's support schemes and continue to trade ahead of their pre-Covid levels, continued to offer excellent service levels to their customers and continue to grow their market share in line with strategic objectives.

WnDirect sale

As part of the sale agreement of former subsidiary WnDirect Ltd listed in note 17, the Company received additional £7,000,000 earn out proceeds from Asendia UK Limited on 6 April 2020.

La Poste change of ownership

In March 2020 the Caisse des Depot et Consignations(CDC) increased its shareholding of Le Groupe La Poste, the ultimate parent company, to 66%. The French state retains 34%.

The CDC is a special institution created by the law of April 28, 1816, codified in Articles L. 518-2 et seq. of the French Monetary and Financial Code, whose head office is located at 56, rue de Lille, 75007 Paris, identified under number 180 020 026. The CDC is controlled by the Legislative Authority (French Parliament) and safeguards the General Interest.

32. Ultimate parent undertaking and controlling party

The Company is wholly owned by GeoPost Intermediate Holdings, 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, 4 quai du pont du Jour, 92777, Boulogne-Billancourt, CEDEX, France.