

Registered number: 01184988

DHL International (UK) Limited

**Annual report and financial statements
For the year ended 31 December 2015**

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DHL International (UK) Limited

Annual report and financial statements for the year ended 31 December 2015

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DHL International (UK) Limited

Company information

Directors

P Couchman

D Duncan

Company secretary

Exel Secretarial Services Limited

Registered number

01184988

Registered office

Orbital Park

178 - 188 Great South West Road

Hounslow

Middlesex

TW4 6JS

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Atrium

1 Harefield Road

Uxbridge

Middlesex

UB8 1EX

DHL International (UK) Limited

Strategic report

For the year ended 31 December 2015

The directors present their strategic report on the company for the year ended 31 December 2015.

Review of the business

Revenue increased by 6.8% to £711,138,000 in 2015 from £666,071,000 in 2014; the company continues to achieve increased volume growth and increased market share. Correspondingly, there was an increase in cost of sales of 8.6% from £558,200,000 in 2014 to £606,116,000 in 2015. This was mainly driven by cost of servicing significantly increasing shipment volumes, as well as increased operational costs and depreciation charges due to infrastructure investment. As a result, our margins have decreased from 16.2% in 2014 to 14.8% in 2015. The profit for the financial year amounted to £15,756,000 (2014: £12,867,000).

Administrative costs have decreased by 6.0% from £95,109,000 in 2014 to £89,377,000 in 2015. This is driven by management focus on controlling administrative costs. The decrease also came from reduction in certain cost provisions. The company is expected to continue to be profitable in 2016.

Future developments

The external commercial environment is expected to remain competitive in 2016. We remain confident that we will continue to achieve strong overall business performance by focusing on growth in our market share and our margins. Service performance will be enhanced through continued investment in our infrastructure. This includes significant investment in a new southern hub, due to be operational by the end of 2016.

Principal risks and uncertainties

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

Competition

The company is in competition with other providers. Such competition can significantly impact our customer base as well as the levels of prices and margins in our markets. In the mail and logistics business, the key factors for success are quality, customer confidence and competitive prices. Thanks to our high quality along with the cost savings we have generated in recent years, we believe that we shall be able to withstand the competition and keep any negative effects at a low level.

Risks arising from internal processes

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

Risks arising from corporate strategy

Our future success depends above all on general factors such as trends in the competitive environment, costs and quantities transported. After having spent recent years successfully restructuring our business and substantially improving cost structures, we are focusing on fostering growth in our international business. We expect an increase in shipment volumes. Based on this assumption, we are investing in our network, our services, our employees and the DHL brand.

DHL International (UK) Limited

Strategic report (continued)

For the year ended 31 December 2015

Principal risks and uncertainties (continued)

Risks arising from human resources

It is the motivation and competence of our employees that make a good impression on our customers and thus shape our long-term success. Demographic change and increased competition for qualified specialists and executives mean that the pool of potential young talent is becoming smaller. We plan to take various measures to ensure that we are always able to attract and recruit suitable talent. For example, we place great importance on providing a motivational work environment and suitable professional and employee development programmes.

Risks arising from information technology

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

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

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

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

Key performance indicators

The directors of the company manage the key performance indicators at a group level and these are discussed in Deutsche Post AG's 2015 annual report which does not form part of this report. The main key performance indicators for the company are considered to be revenue growth and profitability and these trends are analysed in the review of the business above.

On behalf of the Board



D Duncan

Director

Date

13/09/2016

DHL International (UK) Limited

Directors' report

For the year ended 31 December 2015

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2015.

The principal activity of the company during the year was the provision of express delivery services.

Future developments

The directors present the future developments of the company in the Strategic Report on Page 2.

Principle risks and uncertainties

The directors present the future outlook of the company in the Strategic Report on Pages 2 and 3.

Results and dividends

The profit for the financial year of £15,756,000 (2014: £12,867,000) has been taken to reserves. During the current and preceding year the directors have not recommended the payment of a dividend.

Directors

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

P Couchman

A McCambridge (resigned on 31 December 2015)

D Duncan (appointed on 2 March 2015)

Financial risk management

The company's operations expose it to a variety of financial risks that mainly include the effects of changes in pricing risk and credit risk. Liquidity risk and interest rate cash flow risk are not considered risks as the company currently has no requirements for debt finance but maintains sufficient funds for operations and its only interest bearing assets are in the form of cash balances. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the cash flow requirements of the company as part of the wider Deutsche Post Group. The company does not use derivative financial instruments to manage commodity and foreign currency costs and as such, no hedge accounting is applied.

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

Price risk

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

DHL International (UK) Limited

Directors' report (continued)

For the year ended 31 December 2015

Financial risk management (continued)

Credit risk

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

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. A substantial element of the debt finance is provided by a subsidiary undertaking of the company's ultimate parent, Deutsche Post AG.

Interest rate cash flow risk

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

Political contributions

The company made no political donations (2014: £nil) during the year.

Employee involvement

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

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

Disabled employees

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

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

DHL International (UK) Limited

Directors' report (continued)

For the year ended 31 December 2015

Directors' indemnities

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the DHL International (UK) Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DHL International (UK) Limited

Directors' report (continued)

For the year ended 31 December 2015

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office for the coming year.

On behalf of the board



D Duncan

Director

Date 13/09/2016

DHL International (UK) Limited

Independent auditors' report to the members of DHL International (UK) Limited

Report on the financial statements

Our opinion

In our opinion, DHL International (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of DHL International (UK) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"): Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

13 September 2016

DHL International (UK) Limited

Statement of comprehensive income
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Revenue	2	711,138	666,071
Cost of sales		(606,116)	(558,200)
Gross profit		105,022	107,871
Administrative expenses		(89,377)	(95,109)
Other operating income		314	44
Finance income	6	124	72
Finance costs	7	(327)	(11)
Profit on ordinary activities before taxation		15,756	12,867
Income tax expense	8	-	-
Profit for the financial year		15,756	12,867
Total comprehensive income for the year		15,756	12,867

All results are derived from the continuing activities of the company.

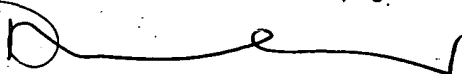
The notes on pages 13 to 31 form part of these financial statements.

Statement of financial position

As at 31 December 2015

	Note	2015 £000	2014 £000
ASSETS			
Non-current assets			
Property, plant and equipment	9	34,105	20,846
Investments	10	1	1
Total non-current assets		34,106	20,847
Current assets			
Trade and other receivables	11	205,384	183,799
Cash and cash equivalents		2,858	4,313
Total current assets		208,242	188,112
Total assets		242,348	208,959
LIABILITIES			
Non-current liabilities			
Provisions for liabilities	13	12,841	14,777
Long term finance lease liability	17	4,324	-
Current liabilities			
Trade and other payables	14	149,149	134,275
Short term finance lease liability	17	371	-
Total liabilities		166,685	149,052
Net assets		75,663	59,907
EQUITY			
Called up share capital	15	3,042	3,042
Retained earnings		72,621	56,865
Total equity		75,663	59,907

The financial statements on pages 10 to 31 were approved by the board and signed on its behalf by;


D Duncan
Director

Date

13/09/2016

Statement of changes in equity

For the year ended 31 December 2015

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
Balance as at 1 January 2014	3,042	43,998	47,040
Total comprehensive income for the year	-	12,867	12,867
Capital contribution from parent undertaking	-	427	427
Recharge of share-based payments	-	(427)	(427)
Net movement in equity	-	12,867	12,867
Balance as at 31 December 2014	3,042	56,865	59,907
Total comprehensive income for the year	-	15,756	15,756
Capital contribution from parent undertaking	-	265	265
Recharge of share-based payments	-	(265)	(265)
Net movement in equity	-	15,756	15,756
Balance as at 31 December 2015	3,042	72,621	75,663

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies

General Information

DHL International (UK) Limited is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Orbital Park, 178–188 Great South West Road, Hounslow, Middlesex, TW4 6JS.

The principal activity of the company during the year was the provision of express delivery services.

Statement of compliance

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

Summary of significant accounting policies

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

(a) Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in Note 23.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key sources of estimation uncertainty'.

The company is a wholly-owned subsidiary of Deutsche Post AG and is included in the consolidated financial statements of Deutsche Post AG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

(b) Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(c) Exemption for qualifying entities under FRS 102

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

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

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

(d) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(e) Revenue

Revenue represents the amount billed to customers for services provided during the financial year exclusive of value added tax. Revenue is recognised upon delivery to customers, and when the amount of revenue can be reliably measured. Estimates for future billing adjustments to revenue and trade receivables are recognised at the time of shipment for certain discounts and billing corrections and are netted off against revenue.

The company earns income on sublet property on a monthly basis which is credited to other operating income in the statement of comprehensive income.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(f) Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

The company is a participating employer in a single common, defined contribution section of a pension scheme operating under a Master Trust arrangement, of which all full time employees, subject to pension fund rules, are eligible to become members. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge disclosed in Note 4 represents contributions payable by the company to the fund.

(iii) Share-based payments

The ultimate holding company, Deutsche Post AG, grants share-based payments to certain employees of the company. From July 2006 to August 2013, Deutsche Post AG granted share appreciation rights (SARs) in its shares, which are settled in cash. From 1 September 2014 the performance share plan (PSP) for executives replaced the SAR Plan, under which shares are issued to participants at the end of the waiting period. The company records an expense in the statement of comprehensive income over the vesting period and credits other reserves within equity with the capital contribution from the parent. When Deutsche Post AG recharges the company for the cost of vesting, the company debits other reserves.

Further details of these share-based payment schemes are in Note 16.

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

(g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(g) Taxation (continued)

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

(i) Current tax

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

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(h) Property, plant and equipment and depreciation

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

Freehold property	- 0%
Finance lease land and buildings	- 6.67%
Short leasehold improvements	- 10% to 20%
Plant and equipment	- 5%
Machinery, furniture and property	- 10% to 20%
Motor vehicles	- 25%
IT equipment	- 1 to 10 years

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

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

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(h) Property, plant and equipment and depreciation (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income and included in 'Other operating gains/(losses)'.

(i) Leases

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

(i) Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of an asset, then the lease is treated as a finance lease. Assets acquired under hire purchase contracts or on finance leases are capitalised in the statement of financial position and are depreciated over their estimated useful economic lives or the term of lease, whichever is shorter. The interest element of rental obligations is charged to the statement of comprehensive income over the period of the lease contracts and represents a constant proportion of the balance of the capital repayments outstanding. The risks and rewards are transferred at the end of the lease.

(ii) Operating leases

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

(iii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.

(j) Impairment of non-financial assets

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

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

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

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(j) Impairment of non-financial assets (continued)

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

(k) Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Where there is an indication that assets may be impaired, there is an impairment review carried out by the directors.

(l) Cash and cash equivalents

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

(m) Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In accordance with Section 21 of FRS 102 "Provisions, Contingencies", provisions for leasehold property obligations are recorded for the current estimated liability for rent and associated costs of vacant properties and properties that are sublet at a shortfall of rental income compared with rental expense.

The company also provides against its estimated dilapidation commitments. Provisions are made on a property-by-property basis and the timing of utilisation will differ for each property.

The costs are based on the current state of the properties and reviewed annually. Amounts provided are discounted taking into account the time value of money.

(n) Financial instruments

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

(i) Financial assets

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

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

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

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

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

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

The company does not hold or issue derivative financial instruments.

(iii) Offsetting

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

(o) Related party transactions

The company has taken advantage of the exemptions as provided by section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Deutsche Post AG group or investees of the Deutsche Post AG group. The company discloses transactions with related parties which are not wholly owned with the same group in Note 21.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

(p) Critical accounting judgements and key sources of estimation uncertainty

(i) Exercise of judgement in applying the accounting policies

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

(ii) Estimates and assessments made by management

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

Deferred tax assets recognised by the company are disclosed in Note 12. Although management believes that it has made a reasonable estimate relating to tax matters that are inherently uncertain, there can be no guarantee that the actual outcome of these uncertain tax matters will correspond exactly to the original estimate made. Any difference between actual events and the estimate made could have an effect on deferred taxes in the period in which the matter is finally decided. The amount recognised for deferred tax assets could be reduced if the estimates of planned taxable income or the tax benefits achievable as a result of tax planning strategies are revised downwards, or in the event that changes to current tax laws restrict the extent to which future tax benefits can be realised.

Potential liabilities which the company has provided for are detailed in Note 13. Management regularly analyses the information currently available about these provisions and recognises provisions for any probable obligations. Where deemed appropriate, internal or external experts are also consulted in making such assessments. In deciding on the necessity for a provision, management takes into account the probability of an unfavourable outcome and whether the amount of the obligation can be estimated with sufficient reliability.

Trade receivable balances are stated after providing for amounts not expected to be recovered. The provision is estimated based on historic data, trend analysis, and future payment forecasting, as well as in consideration of the ageing of debts.

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

At the date of preparation of these financial statements, there is no indication that any significant change in the assumptions and estimates made will be required, so that on the basis of the information currently available it is not expected that there will be significant adjustments in financial year 2016 to the carrying amounts of the assets and liabilities recognised in the financial statements.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

1. Accounting policies (continued)

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

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See Note 9 for the carrying amount of property, plant and equipment and Note 1(h) for the useful economic lives for each class of asset.

(q) Future amendments to FRS 102

At the date of preparation of these financial statements, there have been no amendments to FRS 102 that might have an effect on future periods.

DHL International (UK) Limited**Notes to the financial statements****For the year ended 31 December 2015 (continued)****2. Revenue**

In the opinion of the directors, disclosure of revenue by geographical market would be prejudicial to the interests of the business. Consequently, disclosure in accordance with S1 2009/410 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2009 has not been made.

3. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2015	2014
	£000	£000
Depreciation on property, plant and equipment	4,244	3,789
(Profit)/Loss on disposal of fixed assets	(1)	5
Equipment rental	66	405
Operating lease rentals	22,382	18,059
(Gain)/Loss on foreign exchange	(70)	5
Services provided by the company's auditors:		
- Fees payable for the audit	111	115
- Fees payable for consultancy services	19	-

4. Staff costs

Employees' remuneration (including directors) and related costs during the financial year amounted to:

	2015	2014
	£000	£000
Wages and salaries	107,791	97,152
Social security costs	8,491	8,530
Other pension costs (Note 19)	2,862	2,840
Employee share based payment schemes (Note 16)	265	427
	119,409	108,949

DHL International (UK) Limited**Notes to the financial statements****For the year ended 31 December 2015 (continued)****4. Staff costs (continued)**

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

By activity	2015 Number	2014 Number
Operations	2,511	2,210
Sales and marketing	785	771
Administration	243	215
	3,539	3,196

5. Directors' emoluments

	2015 £000	2014 £000
Aggregate emoluments	1,009	1,018
Company contributions paid to money purchase pension schemes in respect of 3 (2014: 2) directors	65	55
	1,074	1,073
Retirement benefits are accruing to nil (2014: nil) directors under a defined benefit scheme		
Highest paid director		
Aggregate emoluments	630	610
Company contributions paid to money purchase pension schemes	27	27
	657	637

The highest paid director exercised (2014: did not exercise) share options during the year under the company SAR Plan as detailed in Note 16.

6. Finance income

	2015 £000	2014 £000
Group interest received	124	72
	124	72

DHL International (UK) Limited**Notes to the financial statements****For the year ended 31 December 2015 (continued)****7. Finance costs**

	2015	2014
	£000	£000
Interest on discounting provisions	263	11
Interest on finance lease	64	-
	327	11

8. Income tax expense

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

Factors affecting tax for the year:

The tax assessed for the year differs (2014: differs) from the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The differences are explained below:

	2015	2014
	£000	£000
Profit on ordinary activities before taxation	15,756	12,867
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	3,191	2,766
Effects of:		
Expenses not allowable for UK tax	231	101
Impact of changes in tax rates	26	128
Movement on UK deferred tax not recognised	(646)	(206)
Total tax for the year	2,802	2,789
Group relief (claimed from) group companies for nil consideration	(2,802)	(2,789)
Total tax charge for the year	-	-

In Finance Act 2014 the main rate of corporation tax was reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

A number of changes to the UK corporation tax system were announced in the July 2015 UK Budget statement. Reductions to the main rate of corporation tax were proposed to reduce the rate by 1% to 19% from financial year 2017 and by a further 1% to 18% from financial year 2020. These changes were substantively enacted on 26 October 2015 and therefore have been included in these financial statements.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

9. Property, plant and equipment

	Freehold property £000	Finance lease land and buildings £000	Short leasehold improvements £000	Plant and equipment £000	Machinery, furniture and property £000	Motor vehicles £000	IT equipment £000	Work in progress £000	Total £000
Cost									
At 1 January 2015	138	-	11,612	10,186	237	3,761	2,164	1,045	29,143
Additions	50	4,632	3,547	2,729	120	23	1,931	4,479	17,511
Disposals	-	-	(8)	-	-	-	-	-	(8)
At 31 December 2015	188	4,632	15,151	12,915	357	3,784	4,095	5,524	46,646
Accumulated depreciation									
At 1 January 2015	-	-	2,382	3,455	121	1,082	1,257	-	8,297
Charge for the year	-	26	1,738	1,452	20	607	401	-	4,244
Disposals	-	-	-	-	-	-	-	-	-
At 31 December 2015	-	26	4,120	4,907	141	1,689	1,658	-	12,541
Net book value	188	4,606	11,031	8,008	216	2,095	2,437	5,524	34,105
At 31 December 2015									
At 31 December 2014	138	-	9,230	6,731	116	2,679	907	1,045	20,846

DHL International (UK) Limited**Notes to the financial statements****For the year ended 31 December 2015 (continued)****10. Investments**

	£000
Cost	
At 1 January 2015 and 31 December 2015	1

The company's investment represents 500 £1 ordinary shares amounting to a 10% holding in Courier Facilities Limited, a private limited company incorporated in the United Kingdom.

11. Trade and other receivables

	2015	2014
	£000	£000
Trade receivables	132,420	112,834
Amounts owed by group undertakings	71,248	64,116
Other receivables	222	23
Prepayments and accrued income	1,494	6,826
	205,384	183,799

Within amounts owed by group undertakings is cash at bank of £70,200,892 (2014: £61,298,144) that is repayable by the parent Deutsche Post AG, is unsecured, and interest income is at 0.1% (2014: 0.1%).

All other amounts owed by Group undertakings are unsecured, interest bearing, and payable on demand.

12. Deferred tax asset

A summary of the company's net unrecognised deferred tax asset is as follows:	2015	2014
	£000	£000
Accelerated tax depreciation	300	645
Other timing differences	1,706	1,942
Net deferred tax asset	2,005	2,587

The company had a net deferred tax asset at 31 December 2015 of £2,005,000 (2014: £2,587,000) which has not been recognised in the financial statements because of the uncertainty that any future economic benefit arising from the timing differences will accrue to the company.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

13. Provision for liabilities

	Provision for restructuring £000	Provision for leasehold property obligations £000	Other provisions £000	Total £000
At 1 January 2015	136	10,484	4,157	14,777
Credited to the statement of comprehensive income	(136)	(1,346)	(1,272)	(2,754)
Additions	-	1,481	220	1,701
Utilisation	-	(858)	(25)	(883)
At 31 December 2015	-	9,761	3,080	12,841

The provision for restructuring includes estimated redundancy and restructuring costs. These provisions are made on a project by project basis and the timing of the utilisation will differ on each project.

The provision for leasehold property obligations relates to the rent and associated costs of vacant properties and properties that are sublet at a shortfall of rental income compared with rental expense and it is calculated after taking into account the time value of money, at a rate of 1.25% for leases expiring within 6 years and 1.75% for leases expiring after 6 years. The property leases have expiry dates that range from February 2015 to June 2055.

The provision for leasehold property obligations includes the estimated dilapidation costs associated with the company's obligations to reinstate leased buildings to their original state, under property leases which have expiry dates that range from February 2015 to June 2055.

Other provisions include provisions for potential legal fees to be paid out.

14. Trade and other payables

	2015 £000	2014 £000
Trade payables	45,467	28,535
Amounts owed to group undertakings	45,656	38,114
Taxation and social security	32,559	27,542
Other payables	6,491	12,663
Accruals and deferred income	18,976	27,421
	149,149	134,275

Within amounts owed to group undertakings is a bank overdraft of £1,127,248 (2014: £1,203,317) that is repayable to the parent Deutsche Post AG, and is unsecured. Other amounts owed to group undertakings are unsecured, interest free, and are repayable on demand.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

15. Called-up share capital

	2015	2014
	£000	£000
5,000,000 (2014: 5,000,000) authorised ordinary shares of £1 each	5,000	5,000
3,042,000 (2014: 3,042,000) allotted, issued and fully paid ordinary shares of £1 each	3,042	3,042

There is a single class of ordinary shares with equal voting rights and no restrictions on the distribution of dividends and repayment of capital.

16. Share-based payments

(i) Share appreciation rights

From July 2006 to August 2013, the ultimate holding company, Deutsche Post AG, made a grant of share appreciation rights in its shares to certain employees of the company. This allowed them to receive a cash payment within a defined period in the amount of the difference between the respective price of Deutsche Post shares and the fixed issue price if demanding performance targets were met. The obligation for the cash settlement of these awards rests with Deutsche Post AG until this cost has been recharged to the company.

More details on the SAR plan tranches are shown in the following table:

	2015 tranche	2014 tranche	2013 tranche	2012 tranche	2011 tranche
Issue date	1 Sep. 2015	1 Sep. 2014	1 Aug 2013	1 July 2012	1 July 2011
Issue price (€)	25.89	24.14	20.49	13.26	12.67
Waiting period expires	31 Aug 2019	31 Aug 2018	30 July 2017	30 June 2016	30 June 2015

The fair value of the SAR was determined using a stochastic simulation model. The SARs are measured at each reporting date and at the settlement date. As a result, an expense of £229,730 (2014: £417,110) was recognised for the year.

The following assumptions were used to estimate the fair value of the share appreciation rights granted:

	2015	2014
Risk free interest rate	-0.10%	0.11%
Volatility rate	24.69%	23.46%

(ii) Performance share plan

From 1 September 2014 SARs were no longer issued to executives under the SAR plan. The performance share plan (PSP) for executives replaces the SAR plan from this date. Whereas the SAR plan involved cash-settled share-based payments, under the new PSP, shares are issued to participants at the end of the waiting period based on the achievement of demanding performance targets.

The value of the PSP is measured using actuarial methods based on option pricing models (fair value measurement). The PSPs are measured at each reporting date and at the settlement date. As a result, an expense of £35,764 (2014: £9,551) was recognised for the year.

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

16. Share-based payments (continued)

(ii) Performance share plan (continued)

More details on the PSP tranches are shown in the following table:

Grant date	1 Sept. 2014	1 Sept. 2015
Exercise price	€24.14	€25.89
Waiting period expires	31 Aug. 2018	31 Aug. 2019
Risk-free interest rate	0.11%	- 0.10%
Initial dividend yield of Deutsche Post shares	3.52%	3.28%
Yield volatility of Deutsche Post shares	23.46%	24.69%
Yield volatility of Dow Jones EURO STOXX 600 Index	10.81%	16.40%
Covariance of Deutsche Post shares to Dow Jones EURO STOXX 600 Index	1.74%	2.94%

17. Leasing commitments

At 31 December the company had future minimum lease payments under non-cancellable operating leases expiring as follows:

	2015 £000	2014 £000
Operating leases which expire:		
Not later than one year	17,338	15,620
Later than one year and not later than five years	31,411	25,579
Later than five years	8,829	5,423
	57,578	46,622

The company's future minimum finance lease payments are as follows:

	2015 £000	2014 £000
Finance lease payments which expire:		
Not later than one year	371	-
Later than one year and not later than five years	1,564	-
Later than five years	2,824	-
Total gross payments	4,759	-
Less finance charges	(64)	-
Carrying amount of liability	4,695	-

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

17. Leasing commitments (Continued)

The entity entered into a 15 year land and buildings finance lease with an estimated useful life of 25 years. At the end of the lease term, when the final lease payment is made, ownership of the land and buildings does not pass to the entity.

18. Contingent liabilities

The company is included in the DHL Distribution Holdings (UK) Limited group registration for value added tax purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. At 31 December 2015 this liability amounted to £7,695,144 (2014: £7,056,914).

19. Pension commitments

The company was a participating employer in two defined contribution pension schemes for the period up to 29th April 2010. On that date a Master Trust was created wherein the terms of the Master Trust provided that all of the DHL UK pension schemes should be managed under a single trust with all of the previous schemes becoming separate sections of the DHL Group Retirement Plan. In the case of the 2 former defined contribution arrangements the company became a member of a single, common, defined contribution section of the Master Trust. The assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £2,861,634 (2014: £2,840,001). Contributions totalling £424,246 (2014: £375,670) were payable to the funds at the year-end and are included in payables.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is DHL Distribution Holdings (UK) Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Deutsche Post AG, a company incorporated in Germany, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated financial statements of Deutsche Post AG may be obtained from the registered office of Deutsche Post AG, Platz der Deutsche Post, Charles-de-Gaulle Strasse 20, 53250 Bonn, Germany.

21. Related party transactions

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

The ultimate holding company, Deutsche Post AG, has made a grant during the year, in relation to share-based payments, to certain employees of the company, please refer to Note 16.

22. Capital commitments

As at 31 December 2015, DHL International (UK) Limited had capital expenditure contracted for but not provided for of £nil (2014: £nil).

23. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the

DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2015 (continued)

23. Transition to FRS 102 (continued)

financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102. Since there are no adjustments made to the financial reporting figures in transition to FRS 102 the primary statements included within these financial statements represent the same information.

Transition exemptions

The company has taken the following transition exemptions in preparing its first financial statements under FRS 102.

- i) The company has taken advantage of the exemption under paragraph 35.10(b) of FRS 102 in respect of share based payment transactions on the date of transition to FRS 102 (1 January 2014) and have elected not to apply Section 26 Share based payments to equity instruments granted before the date of transition to FRS 102. The previous framework has been applied to instruments granted prior to the date of transition.
- ii) The company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of comprehensive income over the period to the first review date on which the rent is adjusted to market rates.