

Registered number: 01184988

**DHL International (UK) Limited**

**Annual report and financial statements  
For the year ended 31 December 2022**



## **DHL International (UK) Limited**

### **Annual report and financial statements for the year ended 31 December 2022**

#### **Contents**

	<b>Page(s)</b>
Company information	1
Strategic report	2 - 5
Directors' report	6 - 11
Independent auditors' report to the members of DHL International (UK) Limited	12 - 15
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Notes to the financial statements	19 - 37

**DHL International (UK) Limited**

**Company information**

**Directors**

D Duncan  
I Wilson

**Registered number**

01184988

**Registered office**

Southern Hub  
Unit 1, Horton Road  
Colnbrook  
Berkshire  
SL3 0BB

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

## **DHL International (UK) Limited**

### **Strategic report**

**For the year ended 31 December 2022**

The directors present their strategic report on the company for the year ended 31 December 2022.

#### **Review of the business**

Revenue increased by 3.1% to £1,596,590,000 in 2022 from £1,549,071,000 in 2021. Correspondingly, there was also an increase of 4.8% in cost of sales from £1,337,453,000 in 2021 to £1,401,086,000 in 2022. This was mainly driven by increased operational costs. Margins have decreased from 13.7% in 2021 to 12.2% in 2022. The profit for the financial year amounted to £50,782,000 (2021: £32,796,000).

Administrative expenses have decreased by 18.2% from £178,251,000 in 2021 to £145,818,000 in 2022. Expenses have decreased following a reduction in bad debts expenditure. Bad debt expenditure was higher in 2021 as increased provisions were recognised due to initial challenges from the UK leaving the EU single market and the EU customs union due to Brexit.

The company continues to be in a strong financial position, with net assets of £121,051,000 (2021: £100,269,000) at the year end.

#### **Future developments**

The external commercial environment is expected to remain competitive in 2023. We remain confident that we will continue to achieve strong overall business performance by focusing on growth in our market share and our margins. The company is expected to continue to be profitable in 2023.

#### **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 preventative 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.

## **DHL International (UK) Limited**

### **Strategic report (continued)**

#### *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.

#### *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 continue 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.

#### *War in Ukraine and increase in cost-of-living*

The fallout from the war in Ukraine boosted inflation in many countries, including the UK, where the cost-of-living crisis has impacted consumer confidence. As a global network business, we manage our resources to meet network demand, rather than UK customer demand in isolation.

## **DHL International (UK) Limited**

### **Strategic report (continued)**

#### **Section 172 Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefits of its members as a whole. In accordance with section 172 the directors of the company have given regard, among other matters, to the following:

##### *Employees*

The directors pay special regards to their employees as they are a fundamental asset of the company. The company is committed to respecting human rights, ensuring equal opportunity in recruiting and employment practices and promoting occupational health and safety. The annual employment survey as well as an open culture allows each employee the opportunity to voice their concerns and contribute to the day to day running of the company. The company strives to be the 'employer of choice', investing generously in training, and holding regular 1-to-1s between the employee and their manager, to discuss any issues the employee may be having. In addition, all employees are informed of the latest financial performance of the Company through regular communication, including quarterly emails from the CEO along with monthly functional updates and biannual all company town-halls. Employee remunerations and benefits are reviewed through an annual appraisal and salary review process.

##### *Shareholders*

The company is ultimately privately owned by one member, Deutsche Post AG. The directors ensure fairness by adhering to all relevant legislation and corporate policies and guidelines.

##### *Suppliers*

The company works with a range of suppliers, with whom we agree terms and conditions. They are selected based on a standardised, multistep assessment process and must also sign up to the company's supplier Code of Conduct before the company trades with them, to help ensure the suppliers are of a high ethical standard and are sourced at arm's length.

In addition, the company strives to comply with Duty to Report, a UK government initiative that has the aim of paying small suppliers on time.

##### *Customers*

The long term success of the company is driven by a strong and loyal customer base. Any decision that materially impacts its customers is discussed at board level. The key focus of the company is to be the 'provider of choice' for our customers, aiming to offer excellent quality of service at all times.

##### *Environment and community*

Environmental and climate protection is embedded in group's Code of Conduct, supplier Code of Conduct and Environmental and Energy Policy, which provide our employees with clear guidelines as to how they can contribute to the success of our climate protection measures in their immediate surroundings and within the context of their job responsibilities.

## **DHL International (UK) Limited**

### **Strategic report (continued)**


The company recognises the impact it has on the environment with regards to CO2 emissions and road safety. When investing in its fleet, the company considers both the financial costs and the environmental impact. As part of our 'Go Green' initiative, the group develops strategies aimed at improving emissions efficiency and fuel efficiency and intensifying the use of alternative energy sources. In addition, the company offers customers a Carbon Neutral service, whereby it aims to tackle climate change by offsetting emissions from the shipment. Furthermore, the company operates within all health and safety and road traffic regulations and legislation.

As part of our 'DHL's Got Heart' programme, our employees are recognised for supporting community causes dear to them, with the aim of giving back to our local community. In addition, thanks to our GoTeach programme we increasingly succeed in helping young people improve their career options.

### **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 2022 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

 E-SIGNED by David Duncan  
on 2023-06-29 09:15:55 GMT

D Duncan

Director

Date: 29 June 2023

## **DHL International (UK) Limited**

### **Directors' report**

**For the year ended 31 December 2022**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

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.

### **Principal risks and uncertainties**

The directors outline the principal risks and uncertainties facing the company in the Strategic Report on pages 2 and 3.

### **Results and dividends**

The profit for the financial year of £50,782,000 (2021: £32,796,000) has been taken to reserves.

The dividends on ordinary shares deducted from reserves during the year amounted to £30,000,000 (2021: £30,000,000) and was paid.

### **Directors**

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

D Duncan  
I Wilson

### **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 AG 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.



## **DHL International (UK) Limited**

### **Directors' report (continued) For the year ended 31 December 2022**

#### **Financial risk management (continued)**

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 equity investments.

##### *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 (2021: £nil) during the year.

#### **Corporate Governance Statement**

Our business relationships and activities are based upon responsible business practice that complies with applicable laws, ethical standards and international guidelines and this also forms part of the Company's strategy. Equally, we require all suppliers to act in this way. Our Code of Conduct is aligned to the ultimate parent undertaking, Deutsche Post AG. More details of this can be found in the group financial statements of Deutsche Post AG which can be obtained from the Deutsche Post DHL Group, Zentrale – Investor Relations, 53250 Bonn, Germany.

#### **Stakeholder engagement**

Engaging and building trust with the broad range of our stakeholders is key to delivering our strategy and ensuring our success over the long term. We demonstrate below, for our key stakeholders, how we engage with them, with the aim of fostering an effective and mutually beneficial relationship.

**DHL International (UK) Limited**

**Directors' report (continued)  
For the year ended 31 December 2022**

**Stakeholder engagement (continued)**

*Customer engagement*

The company is committed to a key pillar of our strategy which is to be the 'provider of choice'. We prioritise customer service and aim to improve this through our Net Promoter Approach (NPA) initiative. Through NPA, we engage with customers who may not be entirely satisfied with the service they received and aim to rectify any issues through root-cause analysis.

*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.

Deutsche Post AG values the opinion of its employees and encourages staff to participate in an annual Employee Opinion Survey (EOS) in order to continue to improve on all aspects relating to their work life and personal wellbeing. The company also elects a team of Employee Communication Forum (ECF) Representatives from all departments around the business to provide feedback to management on a regular basis.

Additionally, 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.

*Governing bodies and regulators*

We work with our regulators to ensure we comply with the relevant regulatory obligations. The principle regulatory bodies that we work with are, environmental, health and safety, and HMRC. We work openly with HMRC on all relevant tax issues. Moreover, through the Annual statutory reporting process we ensure we are compliant with all the relevant regulations.

*Interests of the Company*

The directors of the company act in good faith to ensure its long-term profitability and continued growth in the marketplace. Investments and new customer contracts go through a strict review process being assessed against set criteria aimed at delivering positive cash flows and profit. Regular performance reviews are conducted to monitor progress and take corrective action if necessary.

*Business conduct*

The directors ensure business is conducted to a compliant standard, with both our customers and suppliers. It is mandatory for a supplier to sign up to our supplier code of conduct, so we can ensure that we are doing all we can to work with desirable and compliant businesses. All negotiations with customers and suppliers are conducted transparently and at arm's-length.

*Fair treatment of members*

The company is ultimately privately owned by one member, Deutsche Post AG. The directors ensure fairness by adhering to all relevant legislation and corporate policies and guidelines.

**DHL International (UK) Limited**

**Directors' report (continued)**  
**For the year ended 31 December 2022**

**Streamlined Energy and Carbon Reporting (SECR)**

The company recognises the impact it has on the environment with regards to CO<sub>2</sub> emissions. When investing in its fleet, the company considers both the financial costs and the environmental impact. As part of our 'Go Green' initiative, the company, along with the Group develop strategies aimed at improving emissions efficiency and fuel efficiency and intensifying the use of alternative energy sources. In addition, the company offers customers a Carbon Neutral service, whereby it aims to tackle climate change by offsetting emissions from the shipment.

The company reports greenhouse gas emissions resulting from energy use in our buildings, transportation network, and employees' business travel. The below table shows CO<sub>2</sub>e emissions and energy consumption as well as our efficiency metrics.

<b>CO<sub>2</sub>e Footprint (tonnes)</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>
Scope 1 & 2	33,942	35,598	(1,656)
Scope 3	5,545	6,182	(637)
	39,487	41,780	(2,293)

**Energy Consumption**

<b>Road Transport</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>
Fossil Fuel (L)	15,140,439	16,045,112	(904,673)
Electricity (kWh)	411,117	127,420	283,697
<b>Real Estate</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>
Natural Gas (kWh)	6,361,865	6,493,327	(131,462)
Electricity (kWh)	11,658,154	12,008,649	(350,495)

**Intensity Ratio**

<b>Road Transport</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>
Pickup & Delivery CO <sub>2</sub> e efficiency (CO <sub>2</sub> e/ Number of Stops)	0.781	0.807	(0.026)
Linehaul CO <sub>2</sub> e efficiency (CO <sub>2</sub> e/ TKM)	0.171	0.174	(0.003)
<b>Real Estate</b>	<b>2022</b>	<b>2021</b>	<b>Variance</b>
CO <sub>2</sub> e efficiency (CO <sub>2</sub> e/ pieces)	0.016	0.015	0.001
Energy efficiency (MJ/ pieces)	0.752	0.707	0.045

## **DHL International (UK) Limited**

### **Directors' report (continued) For the year ended 31 December 2022**

#### **Scope 1 & 2 methodology**

Natural gas usage is converted at 0.213 kWh per CO<sub>2</sub>e kg (2021: 0.213). Electricity consumed from non-renewable sources is converted at 0.208 kWh per CO<sub>2</sub>e kg (2021: 0.231). Electricity consumed from renewable sources is not included within Scope 1 & 2 of our CO<sub>2</sub>e footprint. Diesel usage across our transport network, material handling and company cars is captured in litres and converted at 2.538 kg of CO<sub>2</sub>e per litre (2021: 2.538). Petrol is converted at 2.420 kg of CO<sub>2</sub>e per litre (2021: 2.420).

#### **Scope 3 methodology**

Scope 3 includes Diesel usage and Electricity consumed from non-renewable sources which are converted at the same rates as in Scope 1 & 2.

#### **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.

#### **Directors' indemnities**

The Deutsche Post AG group maintains liability insurance for directors and officers of all subsidiary companies. The company provided an indemnity for its directors, 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 in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;

**DHL International (UK) Limited**

**Directors' report (continued)**  
**For the year ended 31 December 2022**

**Statement of directors' responsibilities in respect of the financial statements (*continued*)**

- make judgments and accounting estimates that are reasonable and prudent; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

**Directors' confirmations**

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

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

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have been advised that the company will be changing auditors following the completion of the financial statements for the year ended 31<sup>st</sup> December 2022.

On behalf of the board

E-SIGNED by David Duncan  
on 2023-06-29 09:16:08 GMT

**D Duncan**

**Director**

Date 29 June 2023

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Considering the extent to which the Company's future cash flows might be affected by potential downside scenarios, assessing the existing sources of finance, and considering the overall impact on liquidity, concluding that there is not a material uncertainty related to going concern.

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

## **DHL International (UK) Limited**

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

#### **Conclusions relating to going concern (continued)**

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

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

**Responsibilities for the financial statements and the audit (continued)**

**Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, employment regulation, health and safety legislation, and legislation specific to the industry in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and potential management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management; and
- Designing audit procedures to incorporate unpredictability around the nature, timing, and extent of our testing.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

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.



**DHL International (UK) Limited**

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
29 June 2023

**DHL International (UK) Limited**

**Statement of comprehensive income**

**For the year ended 31 December 2022**

	Note	2022 £000	2021 £000
Revenue	2	1,596,590	1,549,071
Cost of sales		(1,401,086)	(1,337,453)
<b>Gross profit</b>		<b>195,504</b>	<b>211,618</b>
Administrative expenses		(145,818)	(178,251)
Other operating income		5,168	4,644
<b>Operating profit</b>	3	<b>54,854</b>	<b>38,011</b>
Finance income	6	3,240	746
Finance costs	7	(7,312)	(5,961)
<b>Profit before taxation</b>		<b>50,782</b>	<b>32,796</b>
Income tax expense	8	-	-
<b>Profit and total comprehensive income for the financial year</b>		<b>50,782</b>	<b>32,796</b>

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

The notes on pages 19 to 37 form part of these financial statements.

**DHL International (UK) Limited**

Registered Number: 01184988

**Statement of financial position**

As at 31 December 2022

	Note	2022 £000	2021 £000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	9	83,103	82,234
Right-of-use assets	10	189,141	172,385
Investments	11	1	1
Other receivables	12	7,471	4,791
<b>Total non-current assets</b>		<b>279,716</b>	<b>259,411</b>
<b>Current assets</b>			
Trade and other receivables	12	356,612	369,396
Cash and cash equivalents		2,136	862
<b>Total current assets</b>		<b>358,748</b>	<b>370,258</b>
<b>Total assets</b>		<b>638,464</b>	<b>629,669</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	293,431	326,869
Corporation tax liabilities		3,695	1,951
Provisions for liabilities	15	5,131	8,981
Lease liabilities	10	24,360	23,014
<b>Non-current liabilities</b>			
Deferred tax liabilities	13	7,471	4,791
Provisions for liabilities	15	4,680	4,476
Lease liabilities	10	178,645	159,318
<b>Total liabilities</b>		<b>517,413</b>	<b>529,400</b>
<b>Net assets</b>		<b>121,051</b>	<b>100,269</b>
<b>EQUITY</b>			
Called up share capital	17	3,042	3,042
Retained earnings		118,009	97,227
<b>Total equity</b>		<b>121,051</b>	<b>100,269</b>

The notes on pages 19 to 37 form part of these financial statements. The financial statements on pages 16 to 37 were approved by the Board of Directors on 29 June 2023 and signed on its behalf by;

D Duncan  
Director  
Date 29 June 2023

E-SIGNED by David Duncan  
on 2023-06-29 09:19:53 GMT

**DHL International (UK) Limited**

**Statement of changes in equity**

**For the year ended 31 December 2022**

	Note	Called up share capital	Retained earnings	Total equity
		£000	£000	£000
<b>Balance as at 1 January 2021</b>		<b>3,042</b>	<b>94,431</b>	<b>97,473</b>
Profit and total comprehensive income		-	32,796	32,796
Dividend	18	-	(30,000)	(30,000)
Capital contribution from parent undertaking	16	-	1,299	1,299
Recharge of share-based payments	16	-	(1,299)	(1,299)
Net movement in equity		-	2,796	2,796
<b>Balance as at 31 December 2021</b>		<b>3,042</b>	<b>97,227</b>	<b>100,269</b>
<b>Balance as at 1 January 2022</b>		<b>3,042</b>	<b>97,227</b>	<b>100,269</b>
Profit and total comprehensive income		-	50,782	50,782
Dividend	18	-	(30,000)	(30,000)
Capital contribution from parent undertaking	16	-	567	567
Recharge of share-based payments	16	-	(567)	(567)
Net movement in equity		-	20,782	20,782
<b>Balance as at 31 December 2022</b>		<b>3,042</b>	<b>118,009</b>	<b>121,051</b>

## **DHL International (UK) Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **1. Accounting policies**

##### **General Information**

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

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

##### **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**

The financial statements of DHL International (UK) Limited have been prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with FRS 101 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 statement are disclosed in note 1(u).

##### **(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.

##### **(c) New Standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

##### **(d) Exemption for qualifying entities under FRS 101**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IAS 7, 'Statement of cash flows'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - (i) paragraph 79(a) (iv) of IAS 1;

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(d) Exemption for qualifying entities under FRS 101 (continued)**

- (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

**(e) 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.

**(f) Property, plant and equipment**

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%
Short leasehold improvements	- 10% to 20%
Plant and equipment	- 5%
Machinery, furniture and property	- 10% to 20%
Motor vehicles	- 25%
IT equipment	- 10% to 100%
Work in Progress	- 0%

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.

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 income'.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(g) Impairment of non-financial assets**

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

**(h) 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, an impairment review would be carried out by the directors.

**(i) Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**(j) 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.

**(k) Share capital**

Ordinary shares are classified as equity.

**(l) Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(m) Current and deferred tax**

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.

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 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 year end.

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

*(ii) Deferred tax*

Deferred tax is the tax expected to be payable on taxable temporary differences or recoverable on deductible temporary differences. Temporary differences are differences between the company's carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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

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

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



**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(n) 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.

**(o) Share-based payments**

The ultimate holding company, Deutsche Post AG, grants share-based payments to certain employees of the company. 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, under the share-based payment system for executives (Share Matching Scheme), certain executives receive part of their variable remuneration for the financial year in the form of shares in Deutsche Post AG in the following year (deferred incentive shares). All applicable executives can specify an increased equity component individually by converting a further portion of their variable remuneration for the financial year (investment shares). After a four-year lock-up period during which the executive must be employed with the Deutsche Post AG group of companies, they again receive the same number of Deutsche Post AG shares (matching shares).

Whereas incentive shares and matching shares are classified as equity-settled share-based payments, investment shares are compound financial instruments and the debt and equity components must be measured separately. However, in accordance with IFRS 2.37, only the debt component is measured due to the provisions of the Share Matching Scheme. The investment shares are therefore treated as cash-settled share-based payments.

**(p) 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.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(q) Revenue recognition**

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. For each performance obligation, revenue is either recognised at a certain time or over a certain period of time.

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

**(r) Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**(s) Leases**

A lease is a contract in which the right to use an asset (the leased asset) is granted for an agreed –upon period in return for compensation.

The company as lessee has recognised at present value assets for the right of use received and liabilities for the payment obligations entered into for all leases in the statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments linked to an index or interest rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and contractual penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Right-of-use assets are measured at cost, which comprise the following:

- lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- restoration obligations.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

**(s) Leases (continued)**

The company makes use of the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method.

Extension and termination options exist for real estate. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

**(t) Dividend distribution**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**(u) Critical accounting judgements and key sources of estimation uncertainty**

*(i) Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*(ii) Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Lease terms and incremental borrowing rates assumed*

Accounting estimates used for lease terms and incremental borrowing rates are in line with Group guidelines. Lease payments are discounted at the rate implicit in the lease and, if that rate cannot be determined it is incremental borrowing rate which is the market rate a lessee would pay for a comparable lease. Lease terms are assessed based on lease agreements and management's intention in availing any renewal/terminal options.

*Useful economic lives of property, plant and equipment*

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(f) for the useful economic lives for each class of asset.

*Impairment of trade receivables*

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 12 for the net carrying amount of the receivables and associated impairment provision.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**1. Accounting policies (continued)**

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

*Deferred tax assets and liabilities*

Deferred tax assets and liabilities recognised by the company are disclosed in Note 13. 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*

Potential liabilities which the company has provided for are detailed in Note 15. 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 unfavorable outcome and whether the amount of the obligation can be estimated with sufficient reliability.

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 2022 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 2022**

**2. Revenue**

The company provides domestic and international express delivery services.

Analysis of revenue by destination

	2022	2021
	£000	£000
UK	442,270	419,726
EU	461,923	484,677
Asia	330,204	305,973
Americas	324,614	295,141
Rest of the World	37,579	43,554
	<b>1,596,590</b>	<b>1,549,071</b>

**3. Operating profit**

Profit before taxation is stated after charging/ (crediting) the following:

	2022	2021
	£000	£000
Depreciation on property, plant and equipment (Note 9)	15,537	13,606
Depreciation of Right-of-use assets (Note 10)	28,615	25,901
Loss/(profit) on disposal of fixed assets	14	(57)
Short term lease expense right-of-use assets	11,088	10,158
Bad debt expense	2,955	33,452
(Gain)/loss on foreign exchange	(71)	235
Services provided by the company's auditors:		
- Fees payable for the audit	154	162
Other operating income	(5,168)	(4,644)

Other operating income is made of recharges for the use of the company's service centres by other intercompany entities within the DP DHL group.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**4. Staff costs**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>191,633</b>	189,546
Social security costs	<b>18,290</b>	16,510
Other pension costs (Note 20)	<b>7,456</b>	6,746
Employee share based payment schemes (Note 16)	<b>567</b>	1,299
	<b>217,946</b>	214,101

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
<b>By activity</b>		
Operations	<b>3,586</b>	3,498
Sales and marketing	<b>828</b>	865
Administration	<b>325</b>	311
	<b>4,739</b>	4,674

**5. Directors' emoluments**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments	<b>1,087</b>	1,117
Company contributions paid to money purchase pension schemes in respect of 2 (2021: 2) directors	-	-
	<b>1,087</b>	1,117
Retirement benefits are accruing to £nil (2021: £nil) directors under a defined benefit scheme		
<b>Highest paid director</b>		
Aggregate emoluments	<b>767</b>	736
Company contributions paid to money purchase pension schemes	-	-
	<b>767</b>	736

Pension contributions were made in respect of two (2021: two) directors; paid as a supplement to the directors' salaries.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**6. Finance income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Group interest received	<b>3,240</b>	<b>746</b>

**7. Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liability (Note 10)	<b>7,312</b>	<b>5,919</b>
Group interest paid	<b>-</b>	<b>42</b>
	<b>7,312</b>	<b>5,961</b>

**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.

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on the profit for the year	<b>3,695</b>	<b>1,951</b>
UK current tax charge indemnified by Exel Limited	<b>(3,695)</b>	<b>(1,951)</b>
Total current tax	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>1,913</b>	<b>1,931</b>
Impact of changes in tax rates	<b>275</b>	<b>1,464</b>
Adjustments in respect of prior years	<b>466</b>	<b>(546)</b>
Movement on UK deferred tax indemnified by Exel Limited	<b>(2,654)</b>	<b>(2,849)</b>
Total deferred tax	<b>-</b>	<b>-</b>
<b>Income tax expense for the year</b>	<b>-</b>	<b>-</b>

**DHL International (UK) Limited****Notes to the financial statements****For the year ended 31 December 2022****8. Income tax expense (continued)****Reconciliation of tax charge:**

The tax assessed for the year differs from (2021: differs from) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Profit before taxation</b>	<b>50,782</b>	<b>32,796</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>9,649</b>	<b>6,231</b>
<b>Effects of:</b>		
Expenses not allowable for UK tax	<b>355</b>	<b>362</b>
Super-deduction expenditure - permanent element	<b>(701)</b>	<b>(593)</b>
Impact of changes in tax rates	<b>275</b>	<b>1,464</b>
UK current tax charge indemnified by Exel Limited	<b>(3,695)</b>	<b>(1,951)</b>
RDEC surrendered from Group Companies	<b>-</b>	<b>(12)</b>
Movement on UK deferred tax indemnified by Exel Limited	<b>(2,654)</b>	<b>(2,849)</b>
Adjustments in respect of prior years	<b>466</b>	<b>(546)</b>
<b>Total tax for the year</b>	<b>3,695</b>	<b>2,106</b>
Group relief claimed from group companies for £nil consideration	<b>(3,695)</b>	<b>(2,106)</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

The standard rate of corporation tax is 19% (2021: 19%).



DHL International (UK) Limited

Notes to the financial statements

For the year ended 31 December 2022

9. Property, plant and equipment

	Freehold property £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
<b>Cost</b>								
At 1 January 2022	138	50,993	48,243	7,224	18,098	8,306	1,803	134,805
Additions	-	7,266	1,944	1,333	-	1,175	4,908	16,626
Transfer	-	537	397	203	-	-	(1,137)	-
Disposals	-	(382)	(2,066)	(367)	(1)	(2,084)	(85)	(4,985)
<b>At 31 December 2022</b>	<b>138</b>	<b>58,414</b>	<b>48,518</b>	<b>8,393</b>	<b>18,097</b>	<b>7,397</b>	<b>5,489</b>	<b>146,446</b>
<b>Accumulated Depreciation</b>								
At 1 January 2022	-	17,200	23,038	3,390	4,117	4,826	-	52,571
Charge for the year	-	5,063	4,885	1,038	2,810	1,741	-	15,537
Disposals	-	(367)	(2,061)	(261)	(1)	(2,075)	-	(4,765)
<b>At 31 December 2022</b>	<b>-</b>	<b>21,896</b>	<b>25,862</b>	<b>4,167</b>	<b>6,926</b>	<b>4,492</b>	<b>-</b>	<b>63,343</b>
<b>Net book value</b>								
<b>At 31 December 2022</b>	<b>138</b>	<b>36,518</b>	<b>22,656</b>	<b>4,226</b>	<b>11,171</b>	<b>2,905</b>	<b>5,489</b>	<b>83,103</b>
At 31 December 2021	138	33,793	25,205	3,834	13,981	3,480	1,803	82,234

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**10. Right-of-use assets**

The entity leases various properties and transport equipment, rental contracts are typically made for fixed periods of 2 to 35 years but might have extension options as described below. The amounts recognized in the financial statements in relation to the leases are as follows:

a) Amounts recognised in the statement of financial position

	2022	2021
	£000	£000
<b>Right of use assets</b>		
Buildings	154,680	145,663
Transport equipment	34,461	26,722
	<b>189,141</b>	<b>172,385</b>
<b>Lease liabilities</b>		
Current	24,360	23,014
Non-current	178,645	159,318
	<b>203,005</b>	<b>182,332</b>

Additions to the right-of-use assets during the 2022 financial year were £45,579,279 (2021: £43,562,157).

b) Amounts recognised in the statement of comprehensive income

	2022	2021
	£000	£000
<b>Depreciation</b>		
Buildings	18,191	15,208
Transport equipment	10,424	10,693
<b>Total</b>	<b>28,615</b>	<b>25,901</b>

Interest expense on lease liability	7,312	5,919
-------------------------------------	-------	-------

c) Future minimum lease payments as at 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
	£000	£000
Not later than one year	31,295	29,159
Later than one year and not later than five years	96,790	83,412
Later than five years	123,856	116,932
<b>Total gross payments</b>	<b>251,941</b>	<b>229,503</b>
<b>Less finance charges</b>	<b>(48,936)</b>	<b>(47,171)</b>
<b>Carrying amount of liability</b>	<b>203,005</b>	<b>182,332</b>

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**11. Investments**

**£000**

**Cost and net book value**

At 1 January 2022 and 31 December 2022

**1**

The company's investment represents 500 £1 ordinary shares amounting to a 8.33% holding (2021: 500 £1 ordinary shares amounting to 8.33% holdings) in Courier Facilities Limited, a private limited company incorporated in the United Kingdom, with registered address Building 580/1 Sandringham Road, London Heathrow Airport, Hounslow, Middlesex, TW6 3SN.

**12. Trade and other receivables**

Amounts falling due within one year:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	<b>226,179</b>	274,510
Amounts owed by group undertakings	<b>120,028</b>	82,134
Prepayments and accrued income	<b>6,710</b>	10,801
Other receivables	<b>3,695</b>	1,951
	<b>356,612</b>	369,396

Trade receivables due within one year of £226,178,942 (2021: £274,509,938) includes doubtful debt provisions of £16,395,885 (2021: £27,981,966).

Amounts owed by group undertakings includes the Deutsche Post in-house bank facility whereby the majority of the company's cash is pooled with the Corporate Treasury department in Bonn, Germany on a daily basis.

Within amounts owed by group undertakings is cash pooling balances of £119,748,585 (2021: £81,759,182) that is repayable by the parent Deutsche Post AG, is unsecured, and interest income is at 2.11% (2021: 0.06%).

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

Other receivables due within one year include the indemnification asset of £3,695,000 (2021: £1,951,000) due from Exel Limited for the company's UK corporation tax liability.

**Other Receivables:**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due after more than one year		
Other receivables (see below)	<b>7,471</b>	4,791

Other receivables due after more than one year include the indemnification asset of £7,471,000 (2021: £4,791,000) due from Exel Limited for the company's UK deferred tax liability.

Finance Act 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

**DHL International (UK) Limited**

**Notes to the financial statements**

**For the year ended 31 December 2022**

**13. Deferred tax liabilities**

A summary of the company's net deferred tax liability is as follows:	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>6,711</b>	<b>4,018</b>
Other timing differences	<b>(1,320)</b>	<b>(1,307)</b>
Rolled over / held over gains	<b>2,080</b>	<b>2,080</b>
<b>Net deferred tax liability</b>	<b>7,471</b>	<b>4,791</b>

The company had a net deferred tax liability at 31 December 2022 of £7,471,000 (2021: £4,791,000) which has been recognised in the financial statements. A fellow group undertaking, Exel Limited, has agreed to indemnify the company against its current and future liabilities to UK corporation tax, and accordingly an indemnification asset due from Exel Limited equal to the deferred tax liability has been recognised in the statement of financial position. No significant reversal of the deferred tax liability is expected in 2023.

Finance Act 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023.

**14. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade payables	<b>49,158</b>	<b>55,506</b>
Amounts owed to group undertakings	<b>143,394</b>	<b>142,610</b>
Taxation and social security	<b>66,009</b>	<b>91,652</b>
Other payables	<b>16,485</b>	<b>18,492</b>
Accruals and deferred income	<b>18,190</b>	<b>18,427</b>
Rental deposits	<b>195</b>	<b>182</b>
	<b>293,431</b>	<b>326,869</b>

Within amounts owed to group undertakings is a bank overdraft of £3,379,433 (2021: £2,239,436) that is repayable to the parent Deutsche Post AG, and is unsecured, and interest is charged at 2.11% (2021: 0.76%). 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 2022**

**15. Provisions for liabilities**

	<b>Provision for leasehold property obligations £000</b>	<b>Other provisions £000</b>	<b>Total £000</b>
At 1 January 2022	12,957	500	13,457
Additions	858	49	907
Utilisation	(4,410)	(143)	(4,553)
<b>At 31 December 2022</b>	<b>9,405</b>	<b>406</b>	<b>9,811</b>

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 January 2023 to October 2054. £5,131,000 (2021: £8,981,000) of the provision for leasehold liability is current.

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

## DHL International (UK) Limited

### Notes to the financial statements

For the year ended 31 December 2022

#### 16. Share-based payments

##### (i) Performance share plan

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 £567,000 (2021: £1,299,000) was recognised for the year.

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

	2022 tranche	2021 tranche
Grant date	1 Sep 2022	1 Sep 2021
Exercise price	€39.06	€58.68
Waiting period expires	31 Aug 2026	31 Aug 2025
Risk-free interest rate	0.71%	(0.80%)
Initial dividend yield of Deutsche Post AG shares	4.74%	3.07%
Yield volatility of Deutsche Post AG shares	29.41%	26.49%
Yield volatility of Dow Jones EURO STOXX 600 Index	18.90%	17.33%
Covariance of DP shares to Dow Jones EURO STOXX 600 Index	4.07%	3.25%

##### (ii) Share matching scheme (SMS)

The following table provides further details on the SMS tranches:

	2022 tranche	2021 tranche
Grant date of incentive shares and associated matching shares	1 Dec 2022	1 Dec 2021
Grant date of matching shares awarded for investment shares	1 Apr 2023	1 Apr 2022
Terms – months	52	52
End of term	Mar 2027	Mar 2026
Share price at grant date (fair value) (€):		
Incentive shares and associated matching shares	€38.17	€53.55
Matching shares and awarded for investment shares	€37.00	€61.00

##### (iii) Employee Share Plan (ESP)

The Employee Share Plan (ESP) was introduced for another selected group of executives starting on 1 September 2021. Participation in the ESP is voluntary, with those participating being able to acquire shares of Deutsche Post AG at a discount of 25% from market price, up to a cap of EUR 10,000 or EUR 15,000 depending on their grade. The ESP is offered quarterly. Prior to every savings period, the participating executives can choose the share of their remuneration they wish to invest in the ESP during the upcoming three-month savings period. At the beginning of the following quarter, executives receive shares at a discount of 25 % from the market price.

The shares acquired under the ESP are subject to a two year holding period, after which the employee can continue to hold, sell or transfer shares.

## **DHL International (UK) Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2022**

#### **17. Called up share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
3,042,000 (2021: 3,042,000) allotted, issued, and fully paid ordinary shares of £1 each (2021: £1 each)	<b>3,042</b>	<b>3,042</b>

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

#### **18. Dividends**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Equity dividends on ordinary shares		
Interim paid: £9.86 per share (2021: £9.86)	<b>30,000</b>	<b>30,000</b>

An interim dividend for the year ending 31 December 2022, declared on 29 November 2022 and amounting to £30,000,000 was paid on 13 December 2022 (2021: £30,000,000).

#### **19. 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 2022 this asset amounted to £1,110,409 (2021: £1,689,926 asset).

#### **20. 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 £7,455,965 (2021: £6,746,353). Contributions totalling £1,021,047 (2021: £983,777) were payable to the funds at the year-end and are included in payables.

#### **21. 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. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Deutsche Post AG. 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.

#### **22. Related party transactions**

The company has taken advantage of the exemptions as provided by paragraph 17 of IAS 24 in FRS 101 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.