

REGISTERED NUMBER: 02174873 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2014
for
DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED**

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DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

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for the Year Ended 31 December 2014**

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DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED

**Company Information
for the Year Ended 31 December 2014**

DIRECTORS:

J Li
K Smith

SECRETARY:

Exel Secretarial Services Limited

REGISTERED OFFICE:

Solstice House
251 Midsummer Boulevard
Milton Keynes
MK9 1EQ

REGISTERED NUMBER:

02174873 (England and Wales)

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Strategic Report
for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014

REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of the provision of warehousing and transportation services

In the opinion of the directors the annexed financial statements give a fair review of the development of the business during the year and of its position at the end of the year


Following the decision to make DHL Supply Chain Limited, a fellow group undertaking, the main trading entity for DHL's Supply Chain business, the remaining customer contracts in the company were novated to DHL Supply Chain Limited by 31 December 2013. Consequently, the trading activity in 2014 only represents certain property costs incurred and recharged up until the point the leases were novated to DHL Supply Chain Limited, and is therefore substantially lower than in 2013. The profit for the year includes the waiver of a loan from a fellow group undertaking of £4,734,540

	2014 £'000	2013 £'000
Profit for the financial year	<u>4,632</u>	<u>66</u>

Given the straightforward nature of the business, and taking into consideration the substantially reduced activity in the company during 2014, the directors consider that a discussion of the main business risks and analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

The directors are satisfied with the position of the company at the year end and continue to monitor performance

BY ORDER OF THE BOARD:



J Li for and on behalf of
Exel Secretarial Services Limited - Secretary

Date 24 June 2015

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Report of the Directors
for the Year Ended 31 December 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014

FUTURE DEVELOPMENTS

It is the expectation of the directors that the company will be put into Members Voluntary Liquidation within the next six months

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

FINANCIAL RISK MANAGEMENT

The company's operations are totally related to the activities of the Deutsche Post DHL group of companies. As such its management of financial risk is dependent on the policies and risk management strategies of the ultimate parent company, Deutsche Post AG. Risk management policies where appropriate are approved by the board of directors, are consistent with Deutsche Post AG financial risk policies, and are implemented by the company's finance department.

The company does not use derivative financial instruments

DIVIDENDS

No dividends were distributed for the year ended 31 December 2014 or 31 December 2013. The directors recommend that no final dividend be paid.

DIRECTORS

K Smith has held office during the whole of the period from 1 January 2014 to the date of this report.

Other changes in directors holding office are as follows:

M Seager - resigned on 16 January 2014
E Kinnear - resigned on 15 August 2014
S Robinson - resigned on 15 August 2014
P Taylor - resigned on 15 August 2014
M Samuels - resigned on 22 August 2014
M Cox - resigned on 25 September 2014
J Li - appointed on 27 January 2015
Exel Secretarial Services Limited - resigned on 27 January 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.

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Report of the Directors - continued
for the Year Ended 31 December 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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). 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

EXEMPTION FROM THE REQUIREMENT TO PERFORM AN AUDIT

The company has taken advantage of the exemption from audit granted under section 479A of the Companies Act 2006 to subsidiary companies of an EU registered ultimate parent company. The ultimate parent company Deutsche Post AG, a company registered in Germany, has agreed to the exemption and provided a guarantee to the company for all outstanding liabilities to which the company is subject at the end of the financial year, in accordance with section 479C of the Companies Act 2006.

ON BEHALF OF THE BOARD:



J Li - For and on behalf of
Exel Secretarial Services Limited - Secretary

Date 24 June 2015

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)**Profit and Loss Account
for the Year Ended 31 December 2014**

	Notes	2014 £'000	2013 £'000
TURNOVER	2	314	12,736
Depreciation		(23)	(84)
Other operating charges		(308)	(12,451)
Other operating income		<u>4,735</u>	<u>-</u>
OPERATING PROFIT	4	4,718	201
Profit on sale of tangible fixed asset		-	86
		<u>4,718</u>	<u>287</u>
Interest receivable and similar income	5	<u>3</u>	<u>8</u>
		4,721	295
Interest payable and similar charges	6	<u>(89)</u>	<u>(229)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,632	66
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>4,632</u>	<u>66</u>

DISCONTINUED OPERATIONS

All results relate to discontinued operations

There is no material difference between the results stated above and their historical cost equivalents

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes on pages 7 to 15 form part of these financial statements

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)**Balance Sheet
31 December 2014**

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	8	-	106
CURRENT ASSETS			
Debtors	9	-	4,521
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	-	(8,186)
NET CURRENT LIABILITIES		-	(3,665)
TOTAL ASSETS LESS CURRENT LIABILITIES		-	(3,559)
PROVISIONS FOR LIABILITIES	12	-	(1,073)
NET LIABILITIES		-	(4,632)
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	(100)	(4,732)
SHAREHOLDERS' FUNDS	15	-	(4,632)

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2014

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2014 in accordance with Section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company

The financial statements were approved by the Board of Directors on 24 June 2015 and were signed on its behalf by



K Smith - Director

The notes on pages 7 to 15 form part of these financial statements

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements
for the Year Ended 31 December 2014**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies adopted by the company are set out below and are consistent with those of the previous year

These financial statements have been prepared on the going concern basis and under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards

Cash flow statement and related party disclosures

The group financial statements of Deutsche Post AG contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by FRS 1 (revised 1996) whereby it is not required to publish its own cash flow statement

The company has taken advantage of the exemption granted by FRS 8 from the disclosure of related party transactions with other wholly owned members of the Group

Revenue recognition

Turnover is recognised based on the fair value of the right to consideration for the sale of services and goods to third parties. For the sale of services, turnover is determined by the percentage of the total service chargeable to customers completed by the balance sheet date. Turnover excludes value added tax and equivalent taxes, duty and other disbursements made on behalf of customers

Tangible fixed assets

Fixed assets are stated at cost less depreciation and less any impairment in value. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use

Depreciation of tangible fixed assets (excluding freehold and long leasehold land and assets in the course of construction, which are not depreciated) is charged evenly over their estimated useful lives. The estimated useful lives applied to the major asset classes are as follows

Short leasehold property	Over the life of the lease
Plant and machinery	5 to 10 years

Assets that are not expected to be held for the whole of their useful lives are written down to estimated residual values at disposal

The carrying values of tangible fixed assets are reviewed for impairment if circumstances indicate that they may not be recoverable

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

1 ACCOUNTING POLICIES - continued

Taxation

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

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

The company has entered into an agreement regarding UK corporation tax payments and refunds with Exel Limited, a fellow group undertaking. Under the terms of this agreement, Exel Limited has undertaken to discharge the current and future UK corporation tax liabilities on behalf of, and benefit from any tax recoverable due to, the company. The company recognises its UK corporation tax and deferred tax liabilities, but as such liabilities are indemnified by Exel Limited, an indemnification asset for the amount due from Exel Limited is also recognised in the balance sheet 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 profit and loss account.

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.

Foreign currencies

All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling on the balance sheet date. Exchange differences arising on foreign currency transactions are included in the profit and loss account.

Uninsured losses

The company maintains insurance policies with significant excesses, below which claims are borne by the company. Full provision is made for the estimated costs of claims or losses arising from past events falling outside the limits of these policies.

Onerous lease contracts

Provision is made for onerous lease contracts (including property leases surplus to requirements) where the obligations under the contracts exceed the economic benefits expected to be received under them.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

1 ACCOUNTING POLICIES - continued

Pensions

The company contributes to retirement benefit plans, consisting of defined benefit and defined contribution pension schemes. The UK pension schemes are maintained for the funding of retirement benefits for scheme members during their working lives in order to pay benefits to them after retirement and to their dependants after their death. The assets of the schemes are held separately from those in the company in independently administered funds.

It is not possible to identify the company's share of the underlying assets and liabilities of the pension schemes. The schemes are mature and some historical data is not available. Accordingly, under FRS 17, the schemes are treated as if they were defined contribution schemes in the financial statements of the company. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. The difference between contributions payable in the period and contributions actually paid is shown as an accrual or prepayment in the balance sheet.

The company does not maintain any other post-retirement benefits.

2 TURNOVER

Turnover relates to the company's principal activity, which the directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom.

3 STAFF COSTS

There were no staff costs for the year ended 31 December 2014 nor for the year ended 31 December 2013.

In the prior year, a fellow subsidiary company, DHL Services Limited, provided staff services to the company. These costs were charged as part of a management fee which was included within other operating charges. It is not possible to ascertain separately the element of the management charge that relates to staff costs.

The disclosure of the wages and salaries costs of those employees that have been recharged to this company, is included within the notes of DHL Services Limited.

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014****4 OPERATING PROFIT**

The following amounts have been charged in arriving at the operating profit

	2014 £'000	2013 £'000
Operating lease rentals - plant and machinery	-	1,078
Other operating lease rentals	295	2,039
Depreciation - owned assets	23	84
Subcontractors' costs	<u>-</u>	<u>1,288</u>

The following amounts have been credited in arriving at the operating profit

	2014 £'000	2013 £'000
Other operating income		
Waiver of loan balance owed to group undertakings	<u>4,735</u>	<u>-</u>

The emoluments of P Taylor are included in the aggregate of directors' emoluments disclosed in the financial statements of Exel Limited. The emoluments of M Cox, E Kinnear, S Robinson, M Samuels and M Seager are included in the aggregate of directors' emoluments disclosed in the financial statements of DHL Supply Chain Limited. The emoluments of K Smith are included in the aggregate of directors' emoluments disclosed in the financial statements of DHL Supply Chain Limited for the period to 14 August 2014, and in the financial statements of Exel Limited from 15 August 2014 onwards. None of the directors receive any emoluments specifically relating to services to this company.

There is no audit fee for 2014 as the company has taken advantage of the exemption from audit granted under section 479A of the Companies Act 2006. The fee payable for the audit in 2013 of £12,000 was paid by another group undertaking.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>3</u>	<u>8</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group undertakings	82	203
Unwind of discount on provisions	<u>7</u>	<u>26</u>
	<u>89</u>	<u>229</u>

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014****7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

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

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained below.

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>4,632</u>	<u>66</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	996	15
Effects of:		
Expenses not allowable for UK tax	1	87
Income not subject to UK tax	(1,026)	-
Capital allowances for the year in excess of depreciation	-	(238)
Shortfall of capital allowances over depreciation charged	1	-
Other short term timing differences	-	(23)
	<u>(28)</u>	<u>(159)</u>
UK current tax charge for the year	(28)	(159)
Group relief surrendered to other group companies	28	159
	<u>-</u>	<u>-</u>
Current tax for the year	-	-

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

7 TAX ON PROFIT ON ORDINARY ACTIVITIES - continued

Deferred tax

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

	2014 Unrecognised £'000	2013 Unrecognised £'000
Accelerated tax depreciation	<u>-</u>	<u>900</u>
Net deferred tax asset	<u>-</u>	<u>900</u>

Deferred tax is calculated at a rate of 20% (2013 20%)

The company had a net deferred tax asset at 31 December 2014 of £nil (2013 £900,000) 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

8 TANGIBLE ASSETS

	Short leasehold property £'000
COST	
At 1 January 2014	342
Transfers to group undertakings	(342)
At 31 December 2014	<u>-</u>
DEPRECIATION	
At 1 January 2014	236
Charge for period	23
Transfers to group undertakings	(259)
At 31 December 2014	<u>-</u>
NET BOOK VALUE	
At 31 December 2014	<u>-</u>
At 31 December 2013	<u>106</u>

Short leasehold assets have been transferred to DHL Supply Chain Limited, a fellow group undertaking, as a consequence of contract renewals and novations

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

9 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	-	994
Amounts owed by group undertakings	-	3,362
Other debtors	-	130
Prepayments and accrued income	-	35
	<u>-</u>	<u>4,521</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	-	107
Amounts owed to group undertakings	-	7,613
Other creditors	-	299
Accruals and deferred income	-	167
	<u>-</u>	<u>8,186</u>

Amounts owed to group undertakings in 2013 included £7,529,866 relating to an unsecured interest bearing loan. The loan was partially repaid during the year and the remaining balance of £4,734,540 was waived (see note 4)

11 OPERATING LEASE COMMITMENTS

The company had no commitments for the next financial year in respect of non-cancellable operating leases expiring as follows

	Land and buildings	
	2014 £'000	2013 £'000
Expiring Within one year	<u>-</u>	<u>942</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals. Leases in respect of two properties at Huntingdon and Lutterworth were re-assigned to DHL Supply Chain Limited during the year.

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014****12 PROVISIONS FOR LIABILITIES**

	Dilapidations £'000
At 1 January 2014	1,073
Unwind of discount	7
Provision transferred to a fellow group undertaking	<u>(1,080)</u>
At 31 December 2014	<u>-</u>

Dilapidations

Provision for dilapidations represents the current estimated costs to repair leased properties which are required to be made good before the properties are returned at the end of the leases. Provisions for dilapidations relating to the two sites at Huntingdon and Lutterworth were transferred to DHL Supply Chain Limited along with the novation of the leases (see note 11)

The provisions have been discounted using the rate of 4.75% (2013: 4.75%)

13 CALLED UP SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted and fully paid		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

There were no allotments during the year

14 RESERVES

	Profit and loss account £'000
At 1 January 2014	(4,732)
Profit for the financial year	<u>4,632</u>
At 31 December 2014	<u>(100)</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	<u>4,632</u>	<u>66</u>
Net addition to shareholders' funds	<u>4,632</u>	<u>66</u>
Opening shareholders' funds	<u>(4,632)</u>	<u>(4,698)</u>
Closing shareholders' funds	<u>-</u>	<u>(4,632)</u>

DHL FREIGHT & CONTRACT LOGISTICS (UK) LIMITED (REGISTERED NUMBER: 02174873)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

16 CONTINGENT LIABILITIES

(a) The nature of the company's business and the extent of its operations are such that it is from time to time involved in legal proceedings, as plaintiff or defendant. No such current proceedings are expected to have a material effect on the company.

(b) For Value Added Tax (VAT) purposes, the company is grouped with other undertakings in a VAT group, under these arrangements the company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs.

17 ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is DHL Supply Chain Limited. The company's ultimate parent undertaking and controlling party is Deutsche Post AG, a company incorporated in Germany. This is the only group of which the company is a member for which group financial statements are prepared. Copies of the financial statements of Deutsche Post AG can be obtained from Deutsche Post AG, Headquarters, Investor Relations, 53250 Bonn, Germany.