

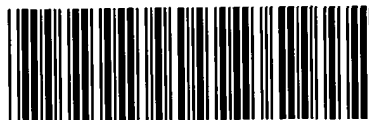
Company registration number: 02800218

UK MAIL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2018

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UK MAIL GROUP LIMITED

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for the year ended 31 December 2018

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The directors present the strategic report of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

UK Mail Group Limited (registration number 02800218) is a private limited company incorporated and domiciled in England.

The company is a wholly owned subsidiary of DHL Parcel UK Holding Limited and a member of the Deutsche Post DHL Group. The parent Company of the Deutsche Post DHL Group is Deutsche Post AG, which is registered in Bonn, Germany and entered in the commercial register of the Bonn local court. Copies of the consolidated financial statements of the Deutsche Post DHL Group can be accessed online at dpdhl.com/en/investors.

The registered office of UK Mail Group Limited is, 120 Buckingham Avenue, Slough, SL1 4LZ.

The Company is a non-trading holding company, with one active subsidiary (DHL Parcel UK Ltd registration number 00965783) operating in the parcel and business mail collection and delivery services market. It further holds interests in a number of dormant subsidiaries, as detailed in note 6.

KEY PERFORMANCE INDICATORS

Given the nature of the company's activities as a holding company, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the one active subsidiary owned by the Company, DHL Parcel UK Ltd, which hence indirectly impacts the Company, together with the main mitigating actions taken are listed below:

Cyber Security

DHL Parcel UK is protected against unauthorised access to data and data manipulation through various measures relating to our employees, organisation, application systems and networks. The Company uses firewall systems, virus scanners and access controls at operating system level to protect against data security risks. These standard activities serve to protect the confidentiality, integrity and authenticity of this data, and ensure compliance with a range of regulations including the General Data Protection Regulation ('GDPR'). The Company maintains insurance cover against the risk of cyber-attack. Security mechanisms and plans are subject to ongoing review and improvement.

Other IT risks

Reliance is placed upon the proper functioning of the Company's IT systems for the effective running of operations. Any prolonged interruption to these could have a materially adverse effect on its operations, financial performance and future prospects. The Company has a Business Continuity Plan ('BCP') in the event of IT systems failure, and undertakes annual penetration tests, addressing any resultant issues identified. As mentioned above, networks are protected by firewalls and anti-virus protection. Systems are backed up, and offsite disaster recovery facilities exist in the event that a major issue affects one of our key locations.

Brexit risks

DHL Parcel UK has experienced increased difficulty in both the sourcing of agency supply workers and the recruitment of employees since the Brexit referendum. A lack of labour, particularly at short-notice, could impact the Company's ability to deliver a complete service to its customers, resulting in potential customer dissatisfaction and churn. To mitigate this risk, the Company has increased its recruitment activity and holds regular review meetings with external agency labour suppliers. Additionally, the Company has improved pay and conditions across the board, as it seeks to align itself with the core Deutsche Post DHL group. Whilst the final outcome of the vote remains unknown there remains a potential risk of a reduction in cross border trade. To this end the Company, in conjunction with other Group entities, participates in topic-specific working groups to agree contingency plans.

Business continuity risks

DHL Parcel UK could be materially affected if there was a significant incident such as a terrorist incident, fire or flooding, particularly at one of the major hubs, or the main automated sortation equipment was inoperable for a period of time. This could result in severe disruption and reputational damage to the business, which would ultimately impact on the Company's financial performance. To minimise this risk the Company employs an on-site maintenance team at its National Hub and undertakes an on-going programme of preventative maintenance in order to ensure the continued operation and efficiency of the main sortation equipment as far as possible. Additionally, as detailed in the Company's Business Continuity Plans, sister sites would be utilised in the event of a major incident at any one location.

Legislative and regulatory risks

In recent years, there has been an increased focus both by the government and the courts over 'worker status.' Whilst the Company, which avails itself of a large number of agency and sub-contractor workers firmly believes that it is compliant with existing regulation, the Company could face an increase in its future operational costs, in addition to any potential back dated legal claims and/or tax and national insurance settlements, should the legal position change to any material degree. Competitive pressures may result in an inability to pass on these costs to the Company's customer base.

As a material customer of the Royal Mail, (including service purchased through our agency relationship with them), any changes to the access arrangement could have a material impact on the Company's Mail segment and its economic viability. The Company therefore monitors the Ofcom regulatory environment closely, ensuring the effects of proposed changes are understood. This allows the Company to plan its response accordingly.

Competition risk

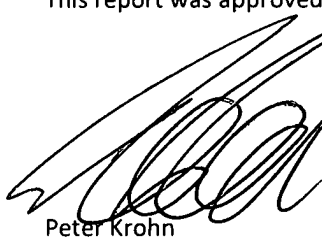
DHL Parcel UK is in competition with other providers. Such competition can impact our customer base as well as the level of prices and margins in our markets. In the Parcels and Mail distribution business, the key factors for success are quality, customer confidence and competitive prices. The Company mitigates this risk through close customer contact, with key account managers regularly undertaking performance reviews; addressing any issues identified.

Personnel risks

DHL Parcel UK is highly reliant on the continued service of its key executives and management, who possess the necessary commercial, operational, IT and financial skills that are critical to the success of the Company. Significant staff losses within this group could result in a reduced ability to achieve

the Company's strategic and business objectives, including a loss of competitive advantage due to the delayed delivery of projects or required developments. The Company mitigates this risk through regular reviews of remuneration packages, staff skillsets and succession planning. Additionally as part of the Deutsche Post DHL group, the Company is able to offer all employees a variety of development prospects and a broad range of continuing education, learning and development options, supported by an annual appraisal system whereby the performance of all employees against their agreed objectives is assessed and discussed with their immediate managers at least twice per year.

This report was approved by the board on ¹⁹ August 2019 and signed on its behalf.



Peter Krohn
Chief Financial Officer

¹⁹ August 2019

UK MAIL GROUP LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2018

The directors present their report and audited financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The turnover of the Company for the year ended 31 December 2018 was £nil (Year ended 31 December 2017: £nil).

The Company had a loss of £16,000 for the year ended 31 December 2018 (Year ended 31 December 2017: £337,000 loss). No dividends have been paid or proposed in respect of the financial year ended 31 December 2018 (Year ended 31 December 2017: £nil).

The company has net assets of £24,493,000 at 31 December 2018 (31 December 2017: £24,509,000)

DIRECTORS

The directors who have held office during the year and up to the date of approval of the financial statements were:

P Fuller
S Glew (Resigned 1 October 2018)
P Krohn (Appointed 1 September 2018)
S Laird (Appointed 1 September 2018)
C Mangham

DIRECTORS' INDEMNITIES

The Company maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its directors and officers (including former directors and officers who have held office during the year ended 31 December 2018) in the discharge of their duties. This is a qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006.

These indemnities would not provide any coverage where a director is proved to have acted fraudulently or dishonestly.

CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable donations or political donations during the year ended 31 December 2018 (Year ended 31 December 2017: £nil).

Financial Risk Management

The key financial risk faced by the Company is impairment in the carrying value of investments. Such impairment could arise from the underlying general business risk affecting the main operating subsidiary owned by the Company. Many of these risks have been discussed in the Strategic Report and include the competitive environment, people and information technology.

Additionally, the Company's prime subsidiary may be impacted by customer or counterparty credit risk if either fails to meet their individual contractual obligations. Credit risk management follows normal best practice and includes appropriate credit checks on potential customers before sales commence and strict credit control of outstanding amounts. Trade credit insurance is employed to protect any significant exposure.

Royal Mail access costs represent a significant cost to the Company's prime subsidiary. Price risk is limited as Ofcom is mandated to maintain sufficient headroom between retail and access prices, such that competition is encouraged within the mail industry.

The long and short-term financing requirements of the Company's prime operating subsidiary, DHL Parcel UK Ltd, are actively monitored to ensure that there are sufficient available funds both for the day-to-day operations of the subsidiary and for planned capital investments.

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;
- make judgements 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.

Independent auditors and disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'Peter Krohn', written in a cursive style.

Peter Krohn
Chief Financial Officer

19 August 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK MAIL GROUP LIMITED

for the year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion, UK Mail Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 balance sheet as at 31 December 2018; the statement of comprehensive income, 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK MAIL GROUP LIMITED

for the year ended 31 December 2018

Reporting on other information (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 set out on page 8, 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.

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.

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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK MAIL GROUP LIMITED

for the year ended 31 December 2018

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 received 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
Uxbridge
19 August 2019

UK MAIL GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
Administrative expenses		(16)	(337)
Operating loss	3	(16)	(337)
Loss before taxation		(16)	(337)
Taxation		-	-
Loss for the financial year		(16)	(337)
Total comprehensive loss for the year		(16)	(337)
Total comprehensive loss attributable to:			
Equity owners of the Company		(16)	(337)

The related notes on pages 16 to 25 form part of these financial statements

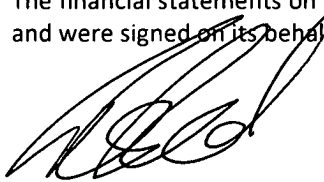
UK MAIL GROUP LIMITED

BALANCE SHEET

as at 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
	Note		
ASSETS			
Non-current assets			
Investments	6	10,848	10,879
		<u>10,848</u>	<u>10,879</u>
Current assets			
Trade and other receivables	7	13,641	6,731
Current tax asset		-	227
Cash and cash equivalents		26	6,672
		<u>13,667</u>	<u>13,630</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	(22)	-
		<u>13,645</u>	<u>13,630</u>
Net current assets			
		<u>13,645</u>	<u>13,630</u>
Net assets			
		<u>24,493</u>	<u>24,509</u>
Shareholders' equity			
Ordinary shares	9	5,523	5,523
Share premium		15,995	15,995
Retained earnings		2,975	2,991
Total equity		<u>24,493</u>	<u>24,509</u>

The financial statements on pages 13 to 25 were approved by the board of directors on [insert date] 19 August 2019 and were signed on its behalf by:


Peter Krohn
Chief Financial Officer

The related notes on pages 16 to 26 form part of these financial statements
Registered number: 02800218

UK MAIL GROUP LIMITED

BALANCE SHEET

as at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
ASSETS			
Non-current assets			
Investments	6	10,848	10,879
		<u>10,848</u>	<u>10,879</u>
Current assets			
Trade and other receivables	7	13,641	6,731
Current tax asset		-	227
Cash and cash equivalents		26	6,672
		<u>13,667</u>	<u>13,630</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	(22)	-
		<u>13,645</u>	<u>13,630</u>
Net current assets			
		<u>24,493</u>	<u>24,509</u>
Net assets			
Shareholders' equity			
Ordinary shares	9	5,523	5,523
Share premium		15,995	15,995
Retained earnings		2,975	2,991
Total equity		<u>24,493</u>	<u>24,509</u>

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Peter Krohn
Chief Financial Officer

The related notes on pages 16 to 26 form part of these financial statements
Registered number: 02800218

UK MAIL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2017	5,523	15,995	3,328	24,846
Loss for the financial year	-	-	(337)	(337)
Total comprehensive loss for the year	-	-	(337)	(337)
Balance as at 31 December 2017	5,523	15,995	2,991	24,509
Balance as at 1 January 2018	5,523	15,995	2,991	24,509
Loss for the financial year	-	-	(16)	(16)
Total comprehensive loss for the year	-	-	(16)	(16)
Balance as at 31 December 2018	5,523	15,995	2,975	24,493

1 General information

UK Mail Group Limited (registration number 02800218) is a private limited company incorporated and domiciled in England. The registered office of UK Mail Group Limited is at Express House, 120 Buckingham Avenue, Slough, SL1 4LZ. The Company was previously listed on the London Stock Exchange (as UK Mail Group plc.) until 22 December 2016, when the entire issued and to be issued share capital was successfully acquired by the Deutsche Post DHL Group.

Following the Company's acquisition by Deutsche Post AG the Company is now a 100% owned subsidiary of DHL Parcel UK Holding Ltd, previously known as UK Mail Ltd until it change name on 24 September 2018 (registration number 10496066), a private limited company incorporated and domiciled in England.

2 Principal 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 periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101') under the historical cost convention, and in accordance with the Companies Act 2006.

Except for certain disclosure exemptions detailed below, the recognition measurement and disclosure requirements of International Financial Reporting Standards ('IFRS') as adopted by the EU have been applied to these financial statements.

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Company has taken advantage of the following disclosure exemptions available under FRS 101:

2 Principal accounting policies – continued

Basis of preparation (continued)

- The requirements of IFRS 7 Financial Instruments Disclosures
- IAS 24 requirements to disclose intercompany transactions between related parties that are wholly controlled by the parent entity and key management compensation
- The requirement to produce a Company cash flow statement under IAS 7, 'Statement of cash flows', as the cash flows of the company are included in the consolidated financial statements of the Deutsche Post Group.
- The requirement to present certain comparative period disclosures under IAS 1
- Certain disclosures in respect of share-based payment arrangements

The critical accounting judgements and the key sources of estimation uncertainty are detailed in note 12.

Going concern

The directors of the Company believe that preparation of the financial statements on the going concern basis is appropriate due to the continued financial support of the Deutsche Post Group, the Company's ultimate parent undertaking. The directors have received confirmation that the Deutsche Post Group intend to support the Company for a period of at least one year from the signing of these financial statements.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018, have had a material impact on the Company.

Taxation

(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.

2 Principal accounting policies (continued)**Taxation (continued)**

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 recognised in respect of all temporary differences that have originated but not reversed at the reporting date where transactions or events that resulted in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Temporary differences are differences between the company's tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalents and amounts owed by group undertakings, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off to the statement of comprehensive income when identified.

2 Principal accounting policies (continued)

Financial assets (continued)

Cash and cash equivalents comprise cash in hand and current account and demand deposit balances with banks and similar institutions, which are readily convertible to a known amount of cash within three months and which are subject to insignificant risk of changes in value.

Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset.

Financial liabilities

Basic financial liabilities are initially recognised at fair value.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity.

Dividends

Interim dividends are recognised as a distribution from retained earnings in the period in which they are paid.

Final dividends are recognised as a distribution from retained earnings in the period in which they are approved and declared by the directors.

Consolidation

The company is a wholly owned subsidiary of the Deutsche Post Group, which is incorporated in Germany. It is included in the consolidated financial statements of the Deutsche Post Group which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parents registered office is, Deutsche Post AG, Headquarters Charles-de-Gaulle-Straße 20 53113 Bonn.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

3 Operating loss

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
The following items have been charged in arriving at operating loss:		
Audit fees payable to the Company's auditors	-	-
Impairment of investment in subsidiaries	(16)	(337)

PricewaterhouseCoopers LLP were remunerated by DHL Parcel UK Ltd (registration number 00965783). None of these costs were recharged to the Company in respect of the year ended 31 December 2018 (Year ended 31 December 2017: £nil). Details of the auditors' remuneration can be found in the financial statements of DHL Parcel UK Ltd.

4 Employees and directors

The Company had no employees during the year (Year ended 31 December 2017: nil). During the year, none of the directors received any emoluments in respect of their services to the Company (Year ended 31 December 2017: £nil). The directors were remunerated by DHL Parcel UK Limited. None of these costs were recharged to the Company during the year (Year ended 31 December 2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

5 Tax on (loss)/profit - continued

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 19.0% (Year ended 31 December 2017: 19.25%) to the (loss)/profit before taxation are explained below:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
(Loss)/profit before taxation	<u>(16)</u>	<u>(337)</u>
Result/profit before taxation at the standard rate of corporation tax in the UK of 19.0% (Year ended 31 December 2017: 19.25%)	(3)	(65)
Effects of:		
Expenses not deductible for tax	3	65
Adjustment in respect of prior years	-	-
Total taxation credit	<u>-</u>	<u>-</u>

The standard rate of Corporation Tax in the UK changed from 20% to 19% on 1 April 2017. Finance Act 2016 further reduced the standard rate of Corporation Tax to 17% from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

6 Fixed asset investments

	Investments in subsidiary companies £'000	Unlisted investments £'000	Total £'000
Cost			
At 31 December 2017	20,226	31	20,257
Disposal	-	(31)	(31)
At 31 December 2018	20,226	-	20,226
Impairment			
At 31 December 2017	9,378	-	9,378
Impairment charge	-	16	16
Disposal	-	(16)	(16)
At 31 December 2018	9,378	-	9,378
Net book value			
31 December 2017	10,848	31	10,879
31 December 2018	10,848	-	10,848

During the year the company disposed of its investment in Eurodis shares, proceeds totalled £15k with the remaining £16k charged to the statement of comprehensive income.

Subsidiary undertakings

The following were directly held subsidiary undertakings of the Company:

Name	Description of shares held	Holding	Principal activity
DHL Parcel UK Ltd	Ordinary £1 shares	100%	Parcel and mail collection and delivery services
UK Pallets Ltd	Ordinary £1 shares	100%	Entered voluntary liquidation on 24 December 2015 and dissolved 2 January 2018
Business Mail Ltd	Ordinary £1 shares	100%	Dormant
Business Post Group Limited	Ordinary £1 shares	100%	Dormant
Business Post Limited	Ordinary £1 shares	100%	Dormant
DHL Parcel UK Limited	Ordinary £1 shares	100%	Dormant
UK Mail Express Parcels and Mail Limited	Ordinary £1 shares	100%	Dormant

UK MAIL GROUP LIMITED

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Subsidiary undertakings (continued)

UK Today Couriers Limited	Ordinary £1 shares	100%	Dormant
Web-Despatch.com Ltd	Ordinary £1 shares	100%	Dormant

The registered office of all of these entities is 120 Buckingham Avenue Slough SL1 4LZ.

7 Trade and other receivables

	31 December 2018 £'000	31 December 2017 £'000
Amounts owed from subsidiary undertakings	<u>13,641</u>	<u>6,731</u>
	13,641	6,731

All carrying amounts above are denominated in sterling, and are due within one year.

Amounts due from subsidiary undertakings do not bear interest are unsecured and are repayable on demand.

8 Trade and other payables

	31 December 2018 £'000	31 December 2017 £'000
Dividends payable	<u>(22)</u>	-
	(22)	-

The dividend payable relates to the unclaimed dividends declared when the company was still listed.

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for the year ended 31 December 2018

9 Ordinary shares

	31 December 2018	31 December 2017
	£'000	£'000
Authorised		
70,000,000 (31 December 2017: 70,000,000) ordinary shares of 10p each	<u>7,000</u>	<u>7,000</u>
Issued, allotted and fully paid		
55,227,505 (31 December 2017: 55,227,505) ordinary shares of 10p each	<u>5,523</u>	<u>5,523</u>

10 Contingent liabilities

The Company has no contingent liabilities as at 31 December 2018.

11 Ultimate parent undertaking and controlling party

DHL Parcel UK Holding Limited, a company registered in England and Wales became the Company's immediate parent undertaking following the completion of the takeover of the UK Mail Group by the Deutsche Post DHL Group in December 2016. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is Deutsche Post AG, which is incorporated in Germany.

The Deutsche Post Group is the ultimate parent undertaking and the ultimate controlling party. Copies of the group financial statements of the Deutsche Post Group can be obtained from Deutsche Post DHL Group, Zentrale – Investor Relations, 53250 Bonn, Germany.

12 Critical accounting judgements and key sources of estimation uncertainty

The Company's accounting policies are set out in note 2 to these financial statements. Management is required to exercise significant judgement in the application of these policies. The Directors believe that there are no critical accounting policies where judgements have been necessarily applied.

a) Key sources of estimation uncertainty

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. Management makes estimates and assumptions about the future, which 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 discussed below.

Impairment of fixed asset investments

The Company considers whether fixed asset investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the investments. This requires estimation of the future cash flows from the fixed asset investments and also selection of the appropriate discount rates in order to calculate the net present value of those cash flows.

13 Post-balance sheet events

As at the date of this report, there were no significant post-balance sheet events affecting the Company for the year ended 31 December 2018.