

**Company registration number: 02800218**

**UK MAIL GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2019**



**UK MAIL GROUP LIMITED**

**Contents of Report and Financial Statements**

**for the year ended 31 December 2019**

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**UK MAIL GROUP LIMITED**

**STRATEGIC REPORT**

**for the year ended 31 December 2019**

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The directors present the strategic report of the Company for the year ended 31 December 2019.

**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](http://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 Limited 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 Limited, which hence indirectly impacts the Company, together with the main mitigating actions taken are listed below:

### ***Cyber Security***

The Company 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***

Now that the UK has exited the EU the company has not seen, as yet, any significant impact on exiting of employees from the business. The Company is helping and assisting any employee who is from an EU country to try and obtain settled status if applicable and has provided all information required for any employee to go through this process. The Company will continue to monitor and will review and assist as required. Whilst the outcome of the final deal 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***

The Company 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***

The Company 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***

The Company 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.

#### **COVID-19**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in government and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus.

COVID-19 poses a safety risk to our employees, driver availability and bad debt. The company has invested in personal protective equipment to safeguard its employees as well as implementing other distancing measures in line with Government guidelines.

This report was approved by the board on 12 June 2020 and signed on its behalf.

#### **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 doing this section 172 requires a director to have regard, among other matters, to the:

##### ***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.

##### ***Employees***

The directors pay special regard to its colleagues as they are a fundamental asset to the business. The employee communication group and the annual employment survey allows each employee the opportunity to voice their concerns and contribute to the day to day running of the business. Employee remunerations and benefits are reviewed through an annual appraisal process.

##### ***Customers***

The long terms success of the business is driven by a strong and loyal customer base. Any decision that materially impacts its customers is discussed at a board level. The key focus of the company is quality of service through its "customer first" campaign.

##### ***Environment and community***

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. 2020 will see an increase in the number of electric and hybrid vehicles amongst its company car fleet. Furthermore, the company operates within all health and safety and road traffic regulations and legislation.

**Section 172 Statement (continued)**

***Environment and community (continued)***

The DHL UK Foundation is dedicated to making a difference in the local community through partnering with the company's colleagues nationwide. The Foundation aims to support fundraising and volunteering efforts in the local community as well as supporting the education and employability of young people.

***Business conduct***

The directors ensure business is conducted to a high standard to ensure that is as a desirable company to work with. All negotiations are conducted transparently and at arm's length. The company adheres to all relevant legislation and statutory requirements through regular risk and compliance reviews as well as industry updates on best practice principles.

***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.



Peter Krohn  
Director  
12 June 2020

**UK MAIL GROUP LIMITED**

**DIRECTORS' REPORT**

**for the year ended 31 December 2019**

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The directors present their report and audited financial statements for the year ended 31 December 2019.

**RESULTS AND DIVIDENDS**

The turnover of the Company for the year ended 31 December 2019 was £nil (Year ended 31 December 2018: £nil).

The Company had result of £nil for the year ended 31 December 2019 (Year ended 31 December 2018: £16,000 loss). No dividends have been paid or proposed in respect of the financial year ended 31 December 2019 (Year ended 31 December 2018: £nil).

The company has net assets of £24,493,000 at 31 December 2019 (Year ended 31 December 2018: £24,493,000)

**DIRECTORS**

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

P Fuller

P Krohn

S Laird

C Mangham (Resigned 23 September 2019)

**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 2019) 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 2019 (Year ended 31 December 2018: £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 Limited, 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.

## **STAKEHOLDER ENGAGEMENT**

Engaging and building trust with the broad range of stakeholder that interact with, or are impacted by, our business is key to delivering our strategy and ensuring our success over the long term.

Engagement with our stakeholder groups plays a vital role throughout the business. We set out in the following to show our key stakeholder groups, their material issues and how the Company engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

### **Customers**

A key focus for the company is to improve customer experience.

What matters:

- Understanding and support our customers' business
- Maintaining a high service level
- Handling the customers' product with care
- Service performed safely

**STAKEHOLDER ENGAGEMENT (continued)**

***Customers (continued)***

How we engage:

- Regular customer contact through our account managers
- Ongoing customer survey
- Direct marketing and communication

What we are doing:

- Monitor our customer experience by reviewing customer retention, service level and NPA score

***Employees***

We involve and listen to employees to help us maintain strong employee engagement and retain talented people

What matters:

- Training, development and prospects
- Health and safety and working conditions
- Fair pay & benefits
- Becoming an Employer of Choice

How we engage:

- Employee opinion survey for employees to provide feedback
- Employee communication group to discuss issues
- Town hall meetings to update employees on current events

What we are doing:

- Monitoring employee engagement through the employee survey and acting on feedback to improve engagement
- Reviewing policies and procedures to improve employee happiness
- Operating learning, development, mentoring and coaching support scheme to support employees in their developmental needs. This is supplemented by a development review process.
- In 2019 the company restructured its administrative functions. Various consultations and employee groups were conducted between senior management and employees during this process.

## **STAKEHOLDER ENGAGEMENT (continued)**

### ***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, transport, health and safety, and HMRC.

#### **What matters:**

- Compliance with environmental, transport and health and safety regulations and laws.
- Compliance with worker pay and conditions

#### **How we engage:**

- Regular contact and discussion with regulators
- We deal with tax authorities in an open and collaborative manner
- Annual statutory reporting

#### **What we are doing:**

- Regular reports from our business on regulatory issues and engagement, especially around health and safety and compliance
- Maintain an open relationship

### ***Suppliers***

We work with a number of key suppliers and business partners to deliver our customers' goods to the end user.

#### **What matters:**

- Adhering to the agreement terms and condition
- Continued growth
- Loyalty

#### **How we engage:**

- Regular reviews
- Locally through the site managers

#### **What we are doing:**

- Conducting business with suppliers who share our high quality standards to ensure security of supply
- Monitoring rates of pay to ensure they are competitive

**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.

**UK MAIL GROUP LIMITED**

**DIRECTORS' REPORT**

**for the year ended 31 December 2019**

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**Independent auditors**

The independent 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.

On behalf of the board

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

**Peter Krohn**  
**Director**  
12 June 2020

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

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**Report on the audit of the financial statements**

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**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 2019 and of its result 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 2019; the statement of comprehensive income and statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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**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.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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**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.

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

**Reporting on other information (continued)**

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 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 2019 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 11, 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.

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

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

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.

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**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  
12 June 2020



**UK MAIL GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**for the year ended 31 December 2019**

		<b>Year ended 31 December 2019</b>	<b>Year ended 31 December 2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Administrative expenses		-	(16)
<b>Operating loss</b>	<b>3</b>	<u>-</u>	<u>(16)</u>
<b>Loss before taxation</b>		-	(16)
Tax on loss		<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>-</u>	<u>(16)</u>
<b>Total comprehensive loss for the year</b>		<u>-</u>	<u>(16)</u>
<b>Total comprehensive loss attributable to: Equity owners of the Company</b>		<u>-</u>	<u>(16)</u>

The related notes on pages 19 to 28 form part of these financial statements

UK MAIL GROUP LIMITED

BALANCE SHEET

as at 31 December 2019

		31 December 2019 £'000	31 December 2018 £'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	6	10,848	10,848
		<u>10,848</u>	<u>10,848</u>
<b>Current assets</b>			
Trade and other receivables	7	13,522	13,641
Current tax asset		-	-
Cash and cash equivalents		145	26
		<u>13,667</u>	<u>13,667</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	(22)	(22)
		<u>13,645</u>	<u>13,645</u>
<b>Net current assets</b>			
		<u>13,645</u>	<u>13,645</u>
<b>Net assets</b>		<u>24,493</u>	<u>24,493</u>
<b>Shareholders' equity</b>			
Ordinary shares	9	5,523	5,523
Share premium		15,995	15,995
Retained earnings		2,975	2,975
<b>Total equity</b>		<u>24,493</u>	<u>24,493</u>

The financial statements on pages 16 to 28 were approved by the board of directors on 12 June 2020 and were signed on its behalf by:



Peter Krohn  
Director

The related notes on pages 19 to 28 form part of these financial statements  
Registered number: 02800218

**UK MAIL GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**for the year ended 31 December 2019**

	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
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
Balance as at 1 January 2019	5,523	15,995	2,975	24,493
Result for the financial year	-	-	-	-
Total comprehensive result for the year	-	-	-	-
Balance as at 31 December 2019	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 Limited, previously known as UK Mail Limited 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**

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019. This standard was early adopted by the company in the prior year and had no material impact.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

**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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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**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.

**UK MAIL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2019**

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**3 Operating loss**

	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
The following items have been charged in arriving at operating loss:		
Audit fees payable to the Company's auditors	-	-
Disposal of investment in subsidiaries	-	(16)

PricewaterhouseCoopers LLP were remunerated by DHL Parcel UK Limited (registration number 00965783). None of these costs were recharged to the Company in respect of the year ended 31 December 2019 (Year ended 31 December 2018: £nil). Details of the auditors' remuneration can be found in the financial statements of DHL Parcel UK Limited.

**4 Employees and directors**

The Company had no employees during the year ended 31 December 2019 (Year ended 31 December 2018: nil). During the year, none of the directors received any emoluments in respect of their services to the Company year ended 31 December 2019 (Year ended 31 December 2018: £nil). The directors were remunerated by DHL Parcel UK Limited. None of these costs were recharged to the Company year ended to 31 December 2019 (Year ended 31 December 2018: £nil).



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

**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 2018: 19.0%) to the loss before taxation are explained below:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Loss before taxation	-	(16)
Loss before taxation at the standard rate of corporation tax in the UK of 19.0% (Year ended 31 December 2018: 19.0%)	-	(3)
Effects of:		
Expenses not deductible for tax	-	3
Adjustment in respect of prior years	-	-
<b>Total taxation credit</b>	-	-

The standard rate of Corporation Tax in the UK was reduced from 19% to 17% from 1 April 2020 by section 46 Finance Act 2016. These rates were in force at the balance sheet date and therefore any deferred tax assets and liabilities included in the financial statements reflect these rates. It was announced in the Budget on 11 March 2020 that legislation was to be introduced to cancel the rate cut to 17%. However, this has no impact for these financial statements.

UK MAIL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

**6 Fixed asset investments**

	Investments in subsidiary companies £'000	Total £'000
<b>Cost</b>		
At 1 January 2019	20,226	20,226
Disposal	-	-
<b>At 31 December 2019</b>	<b>20,226</b>	<b>20,226</b>
<b>Impairment</b>		
At 1 January 2019	9,378	9,378
Impairment charge	-	-
Disposal	-	-
<b>At 31 December 2019</b>	<b>9,378</b>	<b>9,378</b>
<b>Net book value</b>		
31 December 2018	10,848	10,848
<b>31 December 2019</b>	<b>10,848</b>	<b>10,848</b>

**Subsidiary undertakings**

The following were directly held subsidiary undertakings of the Company:

Name	Description of shares held	Holding	Principal activity
DHL Parcel UK Limited	Ordinary £1 shares	100%	Parcel and mail collection and delivery services
Business Mail Limited	Ordinary £1 shares	100%	Dormant
Business Post Group Limited	Ordinary £1 shares	100%	Dormant
Business Post Limited	Ordinary £1 shares	100%	Dormant
UK Mail Limited	Ordinary £1 shares	100%	Dormant
UK Mail Express Parcels and Mail Limited	Ordinary £1 shares	100%	Dormant
UK Today Couriers Limited	Ordinary £1 shares	100%	Dormant
Web-Despatch.com Limited	Ordinary £1 shares	100%	Dormant

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

**UK MAIL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2019

**7 Trade and other receivables**

	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
Amounts owed from subsidiary undertakings	<u>13,522</u>	<u>13,641</u>
	<b>13,522</b>	<b>13,641</b>

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**

	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
Dividends payable	<u>(22)</u>	<u>(22)</u>
	<b>(22)</b>	<b>(22)</b>

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

**UK MAIL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2019**

**9 Ordinary shares**

	<b>31 December 2019 £'000</b>	<b>31 December 2018 £'000</b>
<b>Authorised</b>		
70,000,000 (31 December 2018: 70,000,000) ordinary shares of 10p each	<u>7,000</u>	<u>7,000</u>
<b>Issued, allotted and fully paid</b>		
55,227,505 (31 December 2018: 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 2019.

**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 2019.