

REGISTERED NUMBER: 03078367 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2020
for
TRADETEAM LIMITED**



TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

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for the Year Ended 31 December 2020**

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TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

L Bridges
I Clough
L Miller
G Murdoch

REGISTERED OFFICE:

Ocean House
The Ring
Bracknell
Berkshire
RG12 1AN

REGISTERED NUMBER:

03078367 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Strategic Report
for the Year Ended 31 December 2020**

The directors present their Strategic Report for the year ended 31 December 2020.

REVIEW OF BUSINESS

The principal activity of the company is the supply of distribution and logistics services to the drinks industry in the United Kingdom. The company's primary objective is to create a sustainable market leading supply chain for the sector with high safety standards and delivering a consistent service at a competitive price.

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.

	2020	2019
	£'000	£'000
Loss for the financial year	(48,897)	(45,565)
Net liabilities	<u>(112,026)</u>	<u>(63,367)</u>

The business continues to face challenges from a financial performance perspective. A transformation team was formed in H2 2018 tasked with the turnaround of the business. This has delivered significant improvements in safety and service, coupled with the streamlining of network operations and a resultant reduction in costs. All key transformation milestones were achieved and these will drive efficiencies in future years. The 2019 results include all transformation costs which were in excess of £17m, mainly resulting from cost of change to fund network rationalisation.

During 2020, the business was significantly impacted by reduced activity following the COVID-19 outbreak, which resulted in the temporary closure of 13 sites in the first national lockdown period from March 2020. The company has, and continues to participate in the ongoing government Coronavirus Job Retention Schemes to support those staff unable to work due to continuing reduced activity, and mitigate the impact on the company.

The hospitality industry started to re-open gradually from early July but was then subject to further regional lockdown measures under the government tier structure, and subsequently national lockdowns in November and December 2020, and January to July 2021 with partial re-opening of hospitality from May 2021 onwards.

Between the national lockdowns volumes remained significantly impacted as social distancing requirements have meant venue capacities had to be reduced and will remain so until these measures change.

During 2020 a proposal was announced, and following consultation, two permanent site closures have been made, which are directly related to the impact of COVID-19. Further site announcements were made in September 2020 that resulted in a loss of a number of roles in a number of sites to reflect the ongoing reduction in volumes also resulting from COVID-19.

The directors have reviewed the impact of COVID-19 on the carrying value of assets and the profitability of the business. Whilst there continues to be uncertainty surrounding the development of the virus and any subsequent impact on the assets of the company, the results for 2020 include additional onerous contract provisions and asset impairments charges of £4m.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Strategic Report - continued for the Year Ended 31 December 2020

REVIEW OF BUSINESS - continued

During 2021 a decision was taken to move the operating activities currently reported in Tradeteam Limited to fellow group subsidiary DHL Supply Chain Limited. At the same time the assets and leases relating to these operations will also transfer. This is expected to take effect in the second half of 2021 and consequently all future reporting after that date will form part of the results of DHL Supply Chain Limited. The staff currently employed by Tradeteam Limited will transfer to DHL Services Limited and be recharged to DHL Supply Chain Limited for services provided.

The company was predominantly funded via a loan from the ultimate UK parent company. During 2021 it is the intention that a loan waiver will be granted thereby ensuring the company has positive net assets prior to the operational activity transferring to DHL Supply Chain Limited later in the year.

The ongoing impact of COVID-19 will continue to be monitored through 2021 by the directors of DHL Supply Chain Limited.

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 be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- and the need to act fairly with members of the company.

The directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders the Board has identified with regard to this are:

- Our customers and partners
- Our employees
- Our investors
- Our suppliers
- Our community

The Board sees the value of building and maintaining strong relationships with these stakeholders and is committed to delivering regular and sustained ways of doing so, with a view to this activity providing an exceptional customer experience as well as delivering value for the shareholder.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Strategic Report - continued for the Year Ended 31 December 2020

SECTION 172 STATEMENT - continued

The company views the interactions with these stakeholders through the lens of our Deutsche Post DHL corporate strategy. The company is fully engaged with the Deutsche Post DHL Group Strategy 2025 'Delivering excellence in a digital world', which focuses on strengthening what we do best; our core businesses. It provides a framework for accelerating, especially digital, opportunities to enhance our customer services and continuously improve our processes. Strategy 2025 retains the following stated aims for the business to be:

The Provider of choice

- Focusing on excellent execution and standard operating procedures is at the core of our operating systems. This is embodied in our First Choice methodology.
- We listen to the voice of our customers regularly and act on feedback accordingly.
- With our GoGreen programme, we strive for net zero emissions logistics for the Group by 2050.

The Employer of choice

- With our Certified program we have created a team of Certified experts and a best-in-class culture. We will increase the focus on Certified modules for management and for supervisors.
- We focus on feedback in both directions as a key tool to drive personal development.
- With our GoHelp and GoTeach programmes, we are committed to social responsibility towards the societies we operate in. The GoHelp programme helps people in need following natural disasters. Since 2005 the Group has joined forces with the United Nations to run a disaster management program. The GoTeach programme aims to enhance the employability of young people, regardless of their origins, socioeconomic background or position.
- We share a joint management approach expressed in our Leadership Attributes. We train and assess our management in these attributes.

The Investment of choice

- We are constantly looking at generating more value for all stakeholders by building new capabilities/skills and through the use of technology, automation, and data analytics.
- We drive our business in a responsible and ethical way. We will enhance policies, processes, training, and communication measures to embed compliance further in daily business life while especially focusing on suppliers and business partners.

Suppliers

The company works with a number of key suppliers, primarily providers of property, equipment and agency staff. The relationship with these suppliers is managed via a number of specialised centralised procurement teams.

Community

Today, corporate sustainability means more than 'good corporate citizenship'. It encompasses the entirety of a business, from the sustainability of the business model through 'Environmental, Social and Governance' (ESG) performance. Making progress in those areas is just as important as delivering our financial targets, because they strengthen the resilience of our company's core. This is demonstrated by placing our Living responsibility approach at the centre of our strategy. This includes the GoTeach, GoGreen and GoHelp initiatives.

**Strategic Report - continued
for the Year Ended 31 December 2020**

PRINCIPAL RISKS AND UNCERTAINTIES

Risk categories and specific risks

The risks set out in the following paragraphs are those which we presently consider to have a significant, or potentially negative, impact on our earnings, financial position and assets and liabilities. They are not necessarily the only risks to which the company is exposed. Our business activities may also be adversely affected by additional factors of which we are currently unaware or which we do not yet consider to be material.

Risks arising from corporate strategy and economic conditions

The company provides customers primarily in the drinks industry with solutions along the entire logistics chain. Our success is linked closely to our customers' business trends. As the company predominantly serves customers in the United Kingdom, the performance will be linked to the UK economy. The future success of the company also depends on its ability to continuously improve the existing business and to grow activity in the most important market segments and customer solutions.

Brexit

Following the end of the transition period on 31 December 2020, the United Kingdom entered into a new trade agreement with the European Union with effect from 1 January 2021. The directors continue to monitor the impact on the business and will work proactively to resolve any issues as soon as they arise. Measures that may be required as a consequence of such shall be managed as part of our overall, standard risk planning.

COVID-19

Tradeteam Limited continues to monitor closely the Coronavirus (COVID-19) situation and has adopted measures to support its workforce, customers and wider industry at an extremely critical and challenging time. We fully support the unprecedented steps outlined by global governments and healthcare officials, and those making difficult but necessary decisions around the world.

The health and safety of our colleagues is of utmost importance and we are very proud of how our dedicated team has responded to the crisis, working within government guidelines, as we remain committed to supporting new and existing programs for our customers. We maintain constant communication with our customers and suppliers, and while it isn't business as usual, we will do our best to minimise disruption of the delivery of our products and services.

The Executive Team, reporting in to the Board of Directors, have utilised a global reporting tool to monitor and report the impact of COVID-19. The Executive team have worked alongside our suppliers, customers and employees, to take immediate actions and plan for potential scenarios, to ensure the continuity and success of the business.

The business continues to be significantly impacted by reduced activity following the COVID-19 outbreak. The company is participating in the ongoing government Coronavirus Job Retention Scheme to support those staff unable to work due to continuing reduced activity, and mitigate the impact on the company.

**Strategic Report - continued
for the Year Ended 31 December 2020**

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Performance and profitability risks

A key business risk is maintaining secondary network volumes as a result of market conditions and competitor activity. This risk is managed by entering into longer term contracts with customers.

The company monitors its performance using a number of KPIs including volume, turnover, profit, working capital, service levels, health and safety, human resources and carbon emissions.

The loss of major customers due to aggressive competition or, for instance, due to insolvency of customers is a constant risk facing logistics service providers. Whilst the risk can be limited by far sighted management and the implementation of strong credit control policies, it cannot be entirely neutralised. New customers are checked for credit worthiness and limits established for each customer which are reviewed regularly.

Long-term contracts

The company enters into long term contracts with many of its customers. This also entails entering into contracts with third parties to provide services or property in relation to services to our customers. The company aims, as far as possible, for these third party services to be aligned on a back to back basis with the customer contract, however this may not always be achievable. Consequently in certain circumstances the company may have a residual exposure once the customer contract is terminated, which could impact operating margins and, in the case of property commitments, result in onerous lease provisions.

Self insurance risks

The company maintains insurance policies with significant excesses below which claims are borne by the company. Full provisions are made for the estimated cost of claims or losses arising from past events falling outside the limits of these policies. The provisions held for insurance claims are significant and calculated based on advice provided by the company's external insurance advisors. The movement on these provisions can have a significant impact on the results of the company.

Personnel risks

The performance of our employees is decisive in ensuring the growth and further development of the company. We compete with other companies for highly qualified professionals and managers. As part of the Deutsche Post DHL Group, we are able to offer employees a variety of development prospects, a broad range of continuing education options and performance based compensation. Satisfied employees and a low turnover rate minimise the risk of losing experience and knowledge.

Information technology risks

The company is protected against unauthorised access to data and data manipulation through various measures relating to our employees, organisation, application systems and networks. We use 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.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Strategic Report - continued
for the Year Ended 31 December 2020**

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Business continuity plans

The company takes preventive measures to guard against disruptions or malfunctions in our operational processes. Should disruptions nonetheless occur, contingency plans will come into effect to minimise the consequences.

ON BEHALF OF THE BOARD:

Louise Miller

Louise Miller (Jun 25, 2021 14:25 GMT+1)

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L Miller - Director

Date: 25 June 2021

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Report of the Directors for the Year Ended 31 December 2020

The directors present their report with the audited financial statements of the company for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

During 2021 a decision was taken to move the operating activities currently reported in Tradeteam Limited to fellow group subsidiary DHL Supply Chain Limited. At the same time the assets and leases relating to these operations will also transfer. This is expected to take effect in the second half of 2021 and consequently all future reporting after that date will form part of the results of DHL Supply Chain Limited. The staff currently employed by Tradeteam Limited will transfer to DHL Services Limited.

GOING CONCERN

The principal activities of the company are the provision of logistical services to customers operating in the hospitality sector. The businesses of both its principal customers and the company itself have been severely impacted by the COVID-19 pandemic. The directors have therefore carried out a going concern assessment using forecasts through to the end of 2022 which incorporate the directors' estimate of the ongoing impact of COVID-19 on the company and more broadly on the hospitality sector for the period until the trading activity is transferred to DHL Supply Chain Limited.

The main areas of estimation uncertainty within the forecasts are the rate and level of recovery of the business and hospitality sector from the pandemic and the size and nature of any future downside impact arising from future COVID-19 related lockdowns.

The company was predominantly funded via a loan from the ultimate UK parent company. During 2021 it is the intention that a loan waiver will be granted thereby ensuring the company has positive net assets prior to the operational activity transferring to DHL Supply Chain Limited later in the year.

The company continues to participate in the Deutsche Post DHL Group's centralised treasury arrangements and so shares banking arrangements with its parent and other group undertakings. The company can further draw on these arrangements for funds should the need arise up to pre-determined limits. The ultimate parent undertaking has confirmed that these short-term facilities will be available throughout the going concern period. The forecasts indicate that the company is able to continue to operate within these facilities throughout the forecast period, taking into account the effect of the loan waiver and expected transfer out of operations to DHL Supply Chain Limited in 2021.

However, due to the uncertainties explained above there is a risk that in the case of either further lockdowns and/or a slower recovery of the hospitality sector, prior to the transfer to DHL Supply Chain Limited, that the company will require additional financing above the pre-agreed facility limits. Therefore, the Directors have sought and received a letter of support from Exel Limited, an intermediate parent undertaking, including a commitment to provide funding to enable the company to meet its third party liabilities as they fall due, covering a period of at least 12 months from the date these financial statements were approved. Therefore, the Directors, based on their enquiries, have concluded 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.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Report of the Directors – continued for the Year Ended 31 December 2020

STAKEHOLDER ENGAGEMENT WITH EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

The company takes part in the annual Deutsche Post DHL Group-wide Employee Opinion Survey, which comprises 41 questions grouped into ten key performance indicators. Local management review the feedback of this survey with their teams and strive for continuous improvement in all areas.

Employees are also given the opportunity to participate in the Deutsche Post DHL share plan.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, volume risk, liquidity risk and interest rate cash flow risk. The company does not use derivative financial instruments.

The policies approved by the Board of Directors, which are consistent with Deutsche Post DHL Group financial risk policies, are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations, principally fuel price exposures. The company has a policy of ensuring that volatility in fuel prices (to manage the exposure to commodity price risk) is underwritten where possible in customer tariffs and arrangements. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterpart is subject to a limit, which is reassessed monthly.

Volume risk

The long term decline in on-trade volumes and the continued trend of pub closures has a significant effect on the company's revenue. This risk is mitigated through diversification, for example business with wine wholesalers and other non-drinks warehousing opportunities.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Report of the Directors – continued
for the Year Ended 31 December 2020**

FINANCIAL RISK MANAGEMENT - continued

Liquidity risk

The company's debt profile is largely short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. A substantial part of the debt finance is provided by a fellow subsidiary undertaking.

Interest rate cash flow risk

The company has interest bearing liabilities. The company has a policy of generally borrowing from fellow subsidiary undertakings at market rates. The directors will review the appropriateness of this policy should the company's operations change significantly in size or nature, or the Deutsche Post DHL Group policies for financing group undertakings change.

DIVIDENDS

No dividends were distributed for the year ended 31 December 2020 or 31 December 2019. The directors recommend that no final dividend be paid.

DIRECTORS

There were no changes to directors holding office during the period from 1 January 2020 to the date of this report. The directors holding office are listed on the Company Information page (page 1).

DIRECTORS' INDEMNITIES

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

SLAVERY ACT

The company is a member of the Deutsche Post DHL Group. A statement pursuant to Section 54(1) of the Modern Slavery Act 2015 can be found on the group's UK website using the following link www.logistics.dhl/gb-en/home/about-us/corporate-responsibility/modern-slavery-statement.html.

POST BALANCE SHEET EVENTS

Tax rate change

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24th May 2021. The deferred tax disclosures in the statutory accounts includes balances measured at 19%, as this was the tax rate in force at the balance sheet date.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Report of the Directors – continued for the Year Ended 31 December 2020

POST BALANCE SHEET EVENTS - continued

Transfer of operations

During 2021 a decision was taken to move the operating activities currently reported in Tradeteam Limited to fellow group subsidiary DHL Supply Chain Limited. At the same time the assets and leases relating to these operations will also transfer. Consequently all future reporting after this date will form part of the results of DHL Supply Chain Limited. The staff currently employed by Tradeteam Limited will transfer to DHL Services Limited. This is expected to take effect in the second half of 2021 and is considered to be a non-adjusting post balance sheet event. The company was predominantly funded via a loan from the ultimate UK parent company. During 2021 it is the intention that a loan waiver will be granted thereby ensuring the company has positive net assets prior to the operational activity transferring to DHL Supply Chain Limited later in the year.

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SI 2018/1155'), large unquoted companies are now obliged to report their UK energy use and associated greenhouse gas ('GHG') emissions in their annual reports.

As part of the DPDHL group, the company is committed to the group-wide environmental protection program, 'GoGreen'. In 2017, the group has a climate protection target to reduce all logistics-related emissions to net zero by the year 2050. In March 2021, we published our accelerated roadmap; aligning our targets with the Paris Commitment. By 2030 we will:

- Ensure that 60% of our delivery vehicles for the last mile are electrically powered and at least one-third of fuel requirements in aviation and line haul are covered by sustainable fuels;
- Invest €7 billion globally in Clean Operations to reduce our emissions from what would be 46 million tonnes in 2030 to under 29 million tonnes in that year; (total emissions in 2020 were 33 million tonnes CO₂).
- Commit as part of the Science Based Target initiative (SBTi) to reduce our greenhouse gas emissions by 2030 in line with the Paris Climate Agreement.

As a logistics company, the impact of our business activity on the environment is mainly in the form of greenhouse gas emissions arising from the consumption of energy and fuels. To minimize this impact, we have set ourselves ambitious environmental targets and embedded environmental and climate protection in our Environmental and Energy Policy, which is binding for all employees and subsidiaries. Innovative policies developed as part of GoGreen include solutions to reduce emissions and improve fuel efficiency.

We continuously invest in improving the efficiency of our fleets and buildings; this has the added effect of reducing greenhouse gas emissions and lowering fuel and energy costs.

**Report of the Directors - continued
for the Year Ended 31 December 2020**

STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE - continued

As part of the Deutsche Post DHL Group, the company has been at the forefront of many green services, technologies and initiatives. An effective reduction approach requires tailored alternative technologies and solutions spread across the entire supply chain. New technologies in the area of lightweight vehicle design, speed limiting systems, low-rolling resistance tires along with the modernization of our fleet are among the methods used to reduce fuel consumption in our conventional-fuelled vehicles. In addition to this, we rely more and more on alternative drive systems and fuels, including electric and natural gas powered vehicles for short distances, and sustainably produced, advanced second-generation biofuels for long-haul transportation.

Furthermore, as part of our recently launched DPDHL Sustainability Roadmap, starting in 2021, we are committed to implement carbon neutral design for all new (owned) buildings, with the remaining emissions to be neutralized. As part of the Group's GoGreen programme, we have developed concepts designed to improve emissions and fuel efficiency and intensify the use of alternative energy sources. This includes the use of renewable energy sources for providing electricity to our warehouses, and the installation of energy efficient lighting and heating systems as part of our 'burn less' approach.

Consequently, we are reducing our dependence on fossil fuels and promoting the use of alternative energy sources in both our transport fleets and buildings.

Our internal management information system tracks both carbon emissions and carbon efficiency. An important prerequisite for developing effective carbon efficiency measures is transparency with regard to the type and amount of greenhouse gas emissions. We calculate our greenhouse gas emissions based on widely-accepted international standards including the Greenhouse Gas Protocol (GHG Protocol) standards, the Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the Global Logistics Emissions Council (GLEC) Framework. Our data is also collected and processed in accordance with the requirements of EN 16258 and ISO 14064 standards.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Report of the Directors - continued
for the Year Ended 31 December 2020****STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE - continued**

The table below highlights the metrics used to measure our performance:

	Unit	2020
Emissions from activities for which the company owns or controls including the combustion of fuel and operation of activities. Direct GHG emissions (Scope 1).	tCO ₂ e	16,027
Emissions from the purchase of electricity, heat, steam and cooling purchased for our use. Indirect GHG emissions (Scope 2).	tCO ₂ e	-
Total GHG emissions	tCO ₂ e	16,027
Energy consumption	kWh	70,215,889
Intensity ratio – total GHG emissions per square metre of warehouse space	kgCO ₂ e /m ²	7.31
Intensity ratio – total GHG emissions per £ revenue for transport	kgCO ₂ e / £	0.23

The energy consumption principally relates to renewable electricity, gas and fuel for our warehousing and transport activities.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Our business relationships and activities are based upon responsible business practice that complies with applicable laws, ethical standards and this also forms part of the Group's strategy. The Board considers good corporate governance to be integral to the Group strategy which also ensures effective delivery of the responsibilities identified in s172 Companies Act 2006 to promote the success of the company for the benefit of the members as a whole. The Board has undertaken a review of corporate governance arrangements, taking into account that it operates as a subsidiary of the wider Deutsche Post DHL Group, and is managed as part of DHL Supply Chain UK business comprising a number of legal entities. The review considers the six Wates principles as set out below.

1. Purpose and Leadership

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

The directors focus on promoting the purpose of the company as set out in the Review of Business section of the Strategic Report. As part of the Deutsche Post AG Group of companies, Tradeteam Limited aligns to the Group strategy, which is refreshed every 5 years. In late 2019, the new 2025 Strategy was launched, replacing the 2020 Strategy. The DHL Supply Chain businesses in the UK, along with the other Group Divisions, then take the global strategy, and align their strategic aims to it. There is a structured internal engagement plan which includes regular Town Hall Meetings and Board briefs. These sessions provide the opportunity to promote the strategy, the performance against it and include feedback from colleagues.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Report of the Directors - continued for the Year Ended 31 December 2020

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS – continued

1. Purpose and Leadership - continued

Across Deutsche Post DHL there is a training programme about the business we work in. In Tradeteam Limited this is Certified Supply Chain Specialist ('CSCS'). The course covers awareness of our company and Group, as well as an understanding of the purpose, values and strategy of the business, and is available to all colleagues. It helps colleagues understand their fit and importance within the organisation.

During 2020, 12 colleagues attended the course. For Managers, there is also a mandatory course to build on CSCS, known as Certified Supply Chain Manager ('CSCM'), which is a 3 day course focussing on the culture of the organisation, and the management's role within it. In 2020, 24 managers attended the course. The Certified programme has a series of other courses available to build on the foundations that CSCS and CSCM provide. The Board sponsor these programmes, and personally facilitate some of the courses, along with other senior managers.

There is a Group wide employee opinion survey completed every year, followed by action planning. In Tradeteam Limited participation is positively encouraged by the Board, and in 2020 participation was 62%. Understanding of the strategy is part of the survey, which enables the Board to get feedback.

2. Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The Tradeteam Limited Board is made up of a diverse group of individuals from different backgrounds, countries and experiences. The Board reflects the size and complexity of the business, along with clear functional ownership. Board meetings are held to approve the appointment of directors, the issue of financial statements and the implementation of any intercompany funding required by the company. The Board uses 'mini boards' to aide effective decision making, where sub groups of the main DHL Supply Chain UK Board work on particular topics.

3. Directors' Responsibilities

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

All Board members have well defined roles and accountabilities in line with the wider Deutsche Post DHL Group. Functional Board members report into the global lead for their function, in line with the Group blueprint. This includes a delegated authority matrix specifying the maximum amount of expenditure that a director can approve. The Group has significant internal expertise in a wide range of fields which the directors can draw on for advice. Where necessary this can be supplemented by the engagement of external advisors to ensure directors have the necessary information to perform their duties and be in a position to independently challenge information used for decision making.

The Group has issued clear guidance and training on conflicts of interest for all staff including directors.

**Report of the Directors - continued
for the Year Ended 31 December 2020**

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS – continued

4. Opportunity and Risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

The Board of Tradeteam Limited actively lead the business in a long term sustainable way, focussing on delivering the strategic aims in a well-controlled way. There is a standard, global 'Opportunity to Deliver' process which is followed in DHL Supply Chain UK businesses, for all new business opportunities. This rigorous, structured process ensures the right controls are in place, and appropriate stakeholders are involved throughout the process to mitigate risk. Further detail on the principal risks faced by the business are discussed in the Principal Risks and Uncertainties section of the Strategic Report.

The main UK Board, which oversees all DHL Supply Chain UK businesses, has implemented a specialist commercial team to lead large, complex new business deals, to further mitigate risk. There is also a standard, Group wide Business Case Approval process which is rigorously adhered to and ensures new investments are approved by all relevant stakeholders at all levels. Tradeteam Limited is supported by the Group wide Global Risk team.

5. Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

As part of the Deutsche Post DHL Group, the remuneration structures are provided to Tradeteam Limited. The structures support the long term sustainable success of the Group and include non financial and financial measures. Remuneration includes bonuses and participation in executive share schemes which are linked to the annual performance of the UK and global Supply Chain business and achievement of longer term strategy goals. These structures are adhered to by the Tradeteam Limited Board.

6. Stakeholder Relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose.

The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions. As part of the wider Deutsche Post DHL Group of companies, there is a shared strategy around employee engagement. To be the 'Employer of Choice' is one of the Group's 3 strategic aims.

Key aspects to the strategy include an annual Group wide employee opinion survey with structured follow up, which is completed across the Group for all colleagues. Participation levels as well as the results of the scores are reviewed and action plans at team level are agreed and completed before the next survey.

Regular strategic briefings and Town Hall Meetings at all levels from Group CEO to shift leaders are carried out and available to all employees to share the progress against strategic aims and provide further opportunity for employee feedback.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Report of the Directors - continued
for the Year Ended 31 December 2020**

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS – continued

6. Stakeholder Relationships and Engagement - continued

As part of the Deutsche Post DHL Group, the UK DHL Supply Chain businesses, including Tradeteam Limited, benefit from centralised support services, including Procurement. This Group wide organisation provides the framework for our supplier relationships, and leads all stages of the procurement cycle.

Across the Deutsche Post DHL Group, customer feedback is measured using 'CXM' a regular customer survey and feedback process. The DHL Supply Chain UK businesses use this process to support constructive customer relationships effectively over the long term, seek feedback, and support organic growth with existing customers.

As part of the Deutsche Post DHL Group, the UK DHL Supply Chain businesses, including Tradeteam Limited, the business engages with the local communities through donations to local charities and via funding of the DHL Foundation, a registered charity that helps disadvantaged children and young people aged 5 years to 25 years from across the UK. Their activities are focussed on helping these young people to get the most out of their education and supporting them into employment. The other charitable donations are usually linked to nominated charities of our customers or related to local charities near to the operating sites of the company.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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 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.

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.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Report of the Directors - continued
for the Year Ended 31 December 2020**

DIRECTORS' CONFIRMATIONS

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

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

INDEPENDENT AUDITORS

The 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:

Louise Miller

Louise Miller (Jun 25, 2021 14:25 GMT+1)

.....
L Miller - Director

Date: 25 June 2021

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Independent Auditors' report to the members of Tradeteam Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Tradeteam Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Consideration of the future cash flow requirements of the company and its ability to fund those requirements through its access to group banking arrangements recognising the interdependency of the company's operations with the wider DHL Supply Chain UK Group;
- Evaluation of the terms of the parent company letter of support and the ability of the parent companies to provide that support in light of the wider funding position of both the DP-DHL Group and the DHL Supply Chain UK Group;
- Review of the adequacy and appropriateness of the financial statement disclosures regarding the going concern basis of preparation.

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

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Independent Auditors' report to the members of Tradeteam Limited - continued

Conclusions relating to going concern - continued

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2020 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 Report of the Directors.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Independent Auditors' report to the members of Tradeteam Limited – continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, taxation regulations, employment laws, Coronavirus Job Retention Scheme and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management, walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to property and self insurance provisions, and impairment of assets and debtors;
- identifying journal entries, in particular any journal entries posted with unusual account combinations, posted by unusual users and journal entries with specific defined descriptions;
- review of Board minutes and legal expenses to identify any inconsistencies with other information provided by management; and
- incorporating elements of unpredictability.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Independent Auditors' report to the members of Tradeteam Limited – continued

Responsibilities for the financial statements and the audit - continued

Auditors' responsibilities for the audit of the financial statements - continued

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

L Gartside

Lucy Gartside (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
25 June 2021

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Statement of Comprehensive Income
for the Year Ended 31 December 2020**

	Note	2020 £'000	2019 £'000
TURNOVER	4	93,151	155,319
Other operating income		11,148	-
Staff costs	5	(53,591)	(66,087)
Depreciation and other amounts written off tangible and intangible fixed assets		(1,269)	(737)
Other operating charges		(97,381)	(133,234)
Profit on sale of tangible asset		44	12
OPERATING LOSS	7	(47,898)	(44,727)
Other interest receivable and similar income	8	-	2
Interest payable and similar charges	9	(996)	(840)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(48,894)	(45,565)
Tax on loss on ordinary activities	10	(3)	-
LOSS FOR THE FINANCIAL YEAR		(48,897)	(45,565)

There are no items of other comprehensive income other than the loss for the financial year (2019: £nil).

CONTINUING OPERATIONS

All results relate to continuing operations.

The notes on pages 25 to 45 form part of these financial statements.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Balance sheet
as at 31 December 2020**

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	11	<u>135</u>	<u>1,445</u>
CURRENT ASSETS			
Stocks	12	7,147	14,265
Debtors	13	<u>10,850</u>	<u>42,073</u>
		17,997	56,338
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(124,039)	(118,063)
NET CURRENT LIABILITIES		(106,042)	(61,725)
TOTAL ASSETS LESS CURRENT LIABILITIES		(105,907)	(60,280)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(625)	(114)
PROVISIONS FOR LIABILITIES	17	(5,494)	(2,973)
NET LIABILITIES		(112,026)	(63,367)
CAPITAL AND RESERVES			
Called up share capital	18	1	1
Other distributable reserve		18,931	18,931
Special reserve		1,129	1,129
Accumulated losses		<u>(132,087)</u>	<u>(83,428)</u>
EQUITY		(112,026)	(63,367)

The financial statements on pages 22 to 45 were approved by the Board of Directors on 25 June 2021 and signed on its behalf by:



.....
G Murdoch - Director

The notes on pages 25 to 45 form part of these financial statements.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Notes	Called up share capital £'000	Other distributable reserve £'000	Special reserve £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2019		1	18,931	1,129	(37,971)	(17,910)
Changes in equity						
Loss for the financial year		-	-	-	(45,565)	(45,565)
Deductions from reserves relating to employee share scheme payments	5	-	-	-	(102)	(102)
Adjustment in respect of employee share schemes charged to total comprehensive income	5	-	-	-	210	210
Balance at 31 December 2019		<u>1</u>	<u>18,931</u>	<u>1,129</u>	<u>(83,428)</u>	<u>(63,367)</u>
Changes in equity						
Loss for the financial year		-	-	-	(48,897)	(48,897)
Deductions from reserves relating to employee share scheme payments	5	-	-	-	(218)	(218)
Adjustment in respect of employee share schemes charged to total comprehensive income	5	-	-	-	456	456
Balance at 31 December 2020		<u>1</u>	<u>18,931</u>	<u>1,129</u>	<u>(132,087)</u>	<u>(112,026)</u>

The other distributable reserve was created in 2011 when the company's share premium account was cancelled and a distributable reserve was created. After a distribution to shareholders from this reserve in 2011, a balance of £18,931,000 remains.

The special reserve was created in 1997, on the approval of the High Court. The company reduced its share premium account to create a special reserve against which the cumulative deficit on the company's profit and loss account reserve at that date was eliminated. A balance of £1,129,000 remains.

Accumulated losses represents accumulated comprehensive income for the year and prior years.

The notes on pages 25 to 45 form part of these financial statements.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

Notes to the Financial Statements for the Year Ended 31 December 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

General information

Tradetteam Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN.

Statement of compliance

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention.

The principal activities of the company are the provision of logistical services to customers operating in the hospitality sector. The businesses of both its principal customers and the company itself have been severely impacted by the COVID-19 pandemic. The directors have therefore carried out a going concern assessment using forecasts through to the end of 2022 which incorporate the directors' estimate of the ongoing impact of COVID-19 on the company and more broadly on the hospitality sector for the period until the trading activity is transferred to DHL Supply Chain Limited.

The main areas of estimation uncertainty within the forecasts are the rate and level of recovery of the business and hospitality sector from the pandemic and the size and nature of any future downside impact arising from future COVID-19 related lockdowns.

The company was predominantly funded via a loan from the ultimate UK parent company. During 2021 it is the intention that a loan waiver will be granted thereby ensuring the company has positive net assets prior to the operational activity transferring to DHL Supply Chain Limited later in the year.

The company continues to participate in the Deutsche Post DHL Group's centralised treasury arrangements and so shares banking arrangements with its parent and other group undertakings. The company can further draw on these arrangements for funds should the need arise up to pre-determined limits. The ultimate parent undertaking has confirmed that these short-term facilities will be available throughout the going concern period. The forecasts indicate that the company is able to continue to operate within these facilities throughout the forecast period, taking into account the effect of the loan waiver and expected transfer out of operations to DHL Supply Chain Limited in 2021.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of preparing the financial statements - continued

However, due to the uncertainties explained above there is a risk that in the case of either further lockdowns and/or a slower recovery of the hospitality sector, prior to the transfer to DHL Supply Chain Limited, that the company will require additional financing above the pre-agreed facility limits. Therefore, the Directors have sought and received a letter of support from Exel Limited, an intermediate parent undertaking, including a commitment to provide funding to enable the company to meet its third party liabilities as they fall due, covering a period of at least 12 months from the date these financial statements were approved. Therefore, the Directors, based on their enquiries, have concluded 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.

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1.12:

- the requirements of Section 7 statement of Cash Flows and paragraph 3.17(d) of FRS 102
- the requirements of Section 4.12(a)(iv) Statement of Financial Position FRS 102 paragraph for providing a reconciliation of the number of shares outstanding at the beginning and end of the period
- the requirements of Section 33.7 regarding the disclosure of key management personnel compensation in total
- the requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c)

The company has also taken advantage of the exemption granted under Section 33.1A of FRS 102 from the disclosure of related party transactions with other wholly owned members of the group.

The company has also taken advantage of Section 33.11 of FRS 102 with regard to the disclosure requirements of related parties transactions with other companies in which the German government has control or significant influence.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

Certain contractual arrangements require costs to be incurred in advance of the start of activity. Where the contract provides for the recovery of these costs from the customer over a period extending beyond the balance sheet date then the amount recoverable is recognised as revenue and included within accrued income. Any amount recoverable after more than one year is included within accrued income - amounts falling due after one year. Turnover includes income for services provided to fellow group undertakings relating to the provision of IT services, property and assets used in the operations of those undertakings.

Government grants

The company applies the accrual model to classify grants either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue (including Coronavirus Job Retention Schemes) are recognised in the statement of comprehensive income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Stocks

Under certain logistics arrangements, the company takes title to goods delivered into the network by suppliers on instructions from customers which are then delivered on at cost.

Deposits into the network and deliveries into the customer estates are settled by the company directly with suppliers. The risks and rewards of ownership are underwritten by the customers and do not pass to the company.

The company receives income for handling and storing the goods but makes no margin on the arrangements. The sale and purchase of the goods are excluded from turnover and operating charges. Stocks, debtors and creditors relating to such transactions are included in the balance sheet. Stocks are valued at latest invoiced cost.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Tangible 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 the 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, 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:

Freehold property	35 to 50 years
Leasehold improvements	35 to 50 years
Plant and machinery	5 to 10 years
Vehicles	5 to 10 years
Fixtures and fittings	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.

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.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

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

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 statement of comprehensive income.

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

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

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

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Provisions – continued

In particular:

- i. Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- ii. Provision is not made for future operating losses.

Periodic tests are performed on Cash Generating Units (CGUs) to assess whether a triggering event has taken place which would require a provision against future operating costs of leased assets used within the CGU. Where applicable the net of leasing costs and potential sublease income for the remaining lease term is provided for at appropriate discount rates.

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

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. Provisions with more than one year to maturity are discounted at market rates of interest that reflect the risk and time to settlement of the obligation.

Pensions

The company participates in a Group wide pension arrangement including both defined benefit and defined contribution pension schemes. The schemes are treated as if they were defined contribution schemes in the financial statements of the company. The amount charged to total comprehensive income in respect of pension cost is the contributions payable during the year. The difference between contributions payable in the year and contributions actually paid is shown as an accrual or prepayment in the balance sheet.

As there is no formal policy of allocating either the pensions obligations or charges between group companies the related pension assets and obligations are accounted for by DHL Services Limited, a fellow group company, who is also deemed to be the principal participating entity in respect to the pension schemes. More detailed disclosures regarding the pension schemes are included in the financial statements of DHL Services Limited.

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

Called up share capital

Ordinary shares are classified as equity.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contingencies

Contingent liabilities arise as a result of past events when

- (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or
- (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Share-based payments

The company operates two schemes whereby certain executives employed by the company receive part of their variable remuneration for the financial year in the form of shares in Deutsche Post AG (refer to note 5 for further details). If certain conditions are met, the executive will be awarded shares in Deutsche Post AG at the end of the waiting period. Assumptions regarding the price of Deutsche Post AG's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for executives, which are required to be accounted for as equity-settled share-based payment transactions pursuant to Section 26 of FRS 102. The resulting staff costs are recognised pro rata in the statement of comprehensive income to reflect the services rendered as consideration during the vesting period (lock-up period). Obligations that in future are settled by issuing shares in Deutsche Post AG and do not provide the executives with a choice of settlement are recognised in equity pursuant to Section 26 of FRS 102.

Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments - continued

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND 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.

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible fixed assets and note 2 for the useful economic lives for each class of assets.

Insurance provisions

The company maintains insurance policies with significant excesses below which claims are borne by the company. Full provisions are made for the estimated cost of claims or losses arising from past events falling outside the limits of these policies. The provisions held for insurance claims are significant and calculated based on advice provided by the company's external insurance advisors. The movement on these provisions can have a significant impact on the results of the company. See note 17 for the carrying amount of the uninsured losses provisions.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - continued

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile and historical experience. Debtors receivable from group undertakings are assessed on an annual basis for impairment following a review of the net assets of those group companies. See note 13 for the net carrying amount of the debtors, and note 7 for the charge to the statement of comprehensive income.

Critical accounting judgements in applying the entity's accounting policies

Impairment of fixed assets

At each balance sheet date fixed assets are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The assumptions used in the calculation of any impairment, such as establishing the recoverable amount, are considered to be a critical accounting judgement.

Onerous lease provision

At each balance sheet date leases are assessed to determine whether there is an indication that an onerous lease provision may be required. If there is such an indication the net of leasing costs and potential sublease income to the end of the lease term are taken into account. The assumptions used in the calculation of any provision, such as establishing any alternative use or potential sublet income, are considered to be a critical accounting judgement.

Pensions

The company participates in a group wide pension arrangement including both defined benefit and contribution schemes. As there is no formal policy of allocating either the pension obligations or charges between group companies, the directors have adopted the policy to account for the schemes as defined contribution schemes in this company. The related pension assets and obligations are accounted for by DHL Services Limited. See note 22 for further details.

Taxation

The company has entered into an agreement with Exel Limited, a fellow group undertaking, under which the company's UK taxation liabilities are settled by Exel Limited and similarly the benefit of amounts recoverable from tax authorities are received by this fellow group undertaking. As a result, the company has not recognised either current or deferred tax liabilities/assets due to/recoverable from the UK tax authorities. All such assets and liabilities are recognised in the financial statements of Exel Limited.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****4. 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.

5. STAFF COSTS

	2020	2019
	£'000	£'000
Wages and salaries	44,068	55,007
Social security costs	4,601	5,578
Other pension costs	4,403	5,263
Cost of employees' share schemes	519	239
	53,591	66,087

The monthly average number of persons employed during the year was as follows:

	2020	2019
	Number	Number
Management and supervisory	27	39
Drivers, warehouse and clerical	1,511	1,992
Specialist	7	11
	1,545	2,042

The above numbers include directors on a service contract.

A fellow subsidiary company, DHL Services Limited, has also provided staff services to the company throughout the year. These costs are charged as part of a management fee which is 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.

Share-based payments for executives (Share Matching Scheme)

Certain executives receive part of their variable remuneration for the financial year in the form of shares in Deutsche Post AG. If certain conditions are met, the executive will be awarded the same number of Deutsche Post AG shares four years later (matching shares). The cost of the matching shares is accounted for as an equity-settled share-based payment transaction in accordance with section 26 of FRS 102. The fair value of the matching shares at each grant date is shown in the table below. The shares received as part of variable remuneration plus the matching shares to be granted after the four-year period result in a minimum number of shares of approximately 14,287 (2019: 13,147 shares).

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****5. STAFF COSTS - continued****Share-based payments for executives (Share Matching Scheme) - continued**

	2016 tranche	2017 tranche	2018 Alternative programme (see below)	2019 tranche	2020 tranche
Grant date	1 Jan 2016	1 Jan 2017	1 Mar 2018	1 Jan 2019	1 Jan 2020
Term (months)	63	63	52	63	63
End of term	March 2021	March 2022	June 2023	March 2024	March 2025
Share price at grant date (€)	25.96	31.24	27.30	23.91	40.50

In the first quarter of 2019, a decision was made not to grant a variable remuneration component to executives. This is why there is no 2018 tranche of the share matching scheme. As an alternative, executives were granted a voluntary investment in shares of Deutsche Post AG (the '2018 Alternative programme'). This investment could be made as a contribution or in the form of freely available Deutsche Post AG shares held in their custody account. Matching share will be granted in the normal way at the end of the vesting period in June 2023.

A total charge of £98,000 (2019: £37,000 charge) has been recognised in staff costs with corresponding credit adjustments to equity of £86,000 (2019: £32,000 credit) and other taxation and social security creditors of £12,000 (2019: £5,000). This is attributable to the matching shares to be issued between April 2020 and April 2024.

Performance Share Plan (PSP) for executives

From 2014 onwards selected executives were invited to participate in the Group Performance Share Plan (PSP). Under the PSP shares are issued to participants at the end of the waiting period, linked to the achievement of demanding performance targets. The value of the PSP is measured using actuarial methods based on option pricing models.

A total of £421,000 charge (2019: £202,000 charge) has been recognised in staff costs with corresponding adjustments to equity of £370,000 (2019: £178,000) and other taxation and social security creditors of £51,000 credit (2019: £24,000 credit).

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****6. DIRECTORS' EMOLUMENTS****Directors' emoluments**

	2020	2019
	£'000	£'000
Aggregate emoluments	520	513
Compensation for loss of office	-	189
Company contributions paid to money purchase pension schemes	14	18

Retirement benefits are accruing to two directors (2019: two directors) under defined benefit schemes, and to one director (2019: one director) under a money purchase scheme. Shares in the ultimate parent company, Deutsche Post AG, are accruing to two directors (2019: two directors) under long-term incentive plans. Two directors (2019: two directors) received shares in the ultimate parent company, Deutsche Post AG, during the year.

L Bridges and I Clough are directors of DHL Supply Chain Limited and a number of fellow group companies, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of L Bridges and I Clough, and their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of DHL Supply Chain Limited. There is no recharge to Tradet team Limited in respect of these services.

The emoluments of the remaining directors are shown above.

Key management personnel include directors of the company and representatives of the ultimate parent company. The key management personnel receive no payment from the company with regard to these services.

Highest paid director

	2020	2019
	£'000	£'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	313	320
Defined benefit pension scheme:		
Accrued pension at end of year	47	47

The highest paid director exercised share options during the year and is accruing benefits under a long-term incentive plan. The highest paid director had 8,219 shares (2019: 6,542 shares) in the ultimate parent company, Deutsche Post AG, receivable under a long-term incentive plan.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****7. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2020	2019
	£'000	£'000
Operating lease rentals	25,279	26,217
Depreciation – owned assets	383	737
Impairment – owned assets	886	-
Impairment charge/(credit) on trade debtors	962	(13)
Amounts charged to income from adjustments to		
Other provisions (note 17)	3,650	-

The company's turnover and operating costs exclude £139,996,000 (2019: £369,696,000) of income and costs under the arrangement referred to in the accounting policy for stocks.

Operating lease rentals include £21,062,000 (2019: £21,534,000) relating to operating lease costs recharged by another group company.

The fees in respect of audit services were borne by DHL Supply Chain Limited. The amount of remuneration received by the auditors in respect of the audit for Tradeteam Limited was £56,214 (2019: £52,439). There have been no non-audit services in the year (2019: £nil).

Other operating income includes £9,040,000 (2019: nil) received through government Coronavirus Job Retention Schemes and £1,588,000 (2019: nil) of other provision releases for properties that are no longer vacant as they have been repurposed or handed back to the Landlord.

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Interest receivable from group undertakings	-	2

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£'000	£'000
Interest payable to group undertakings	742	368
Other interest payable	233	472
Unwind of discount (note 17)	21	-
	996	840

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****10. TAX ON LOSS 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.

	2020 £'000	2019 £'000
Current tax	(3)	-
Deferred tax		
Origination and reversal of timing differences	302	(1)
Impact of changes in tax rates	(508)	63
Adjustments in respect of prior years	(2,803)	(953)
Movement on UK deferred tax not recognised	3,009	891
Total deferred tax	-	-
Total tax on loss on ordinary activities	(3)	-

Reconciliation of tax charge

The tax assessed for the year differs from (2019: differs from) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss on ordinary activities before taxation	(48,894)	(45,565)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(9,290)	(8,657)
Effects of:		
Expenses not allowable for UK tax	59	95
Income not subject to UK tax	(3)	-
Transfer pricing adjustments	141	-
Impact of changes in tax rates	(508)	63
Group relief surrendered to other group companies	9,395	8,561
Adjustments in respect of prior years	(2,803)	(953)
Tax on RDEC credit	(3)	-
Movement on UK deferred tax not recognised	3,009	891
Total tax on loss on ordinary activities	(3)	-

The standard rate of corporation tax is 19% (2019: 19%).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

10. TAX ON LOSS ON ORDINARY ACTIVITIES – continued

Deferred tax

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

	2020	2019
	Unrecognised	Unrecognised
	£'000	£'000
Decelerated capital allowances	610	470
Other timing differences	347	125
Trading and other losses	<u>3,563</u>	<u>916</u>
Net deferred tax asset	<u>4,520</u>	<u>1,511</u>

Deferred tax is calculated at 19% (2019: between 17% and 19%).

The company had a net deferred tax asset at 31 December 2020 of £4,520,000 (2019: £1,511,000) which has not been recognised in the financial statements because the company will not benefit from the reversal of deferred tax assets as a result of an agreement entered into with Exel Limited.

Finance Bill 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24th May 2021. The impact of the change in rate is to increase the unrecognised deferred tax asset to £5,837,000. The deferred tax disclosures in the statutory accounts includes balances measured at 19%, as this was the tax rate in force at the balance sheet date.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

11. TANGIBLE ASSETS

	Land and buildings Freehold £'000	Leasehold improvements £'000	Plant and machinery £'000	Vehicles £'000	Fixtures and fittings £'000	Total £'000
COST						
At 1 January 2020	107	456	3,762	7,003	616	11,944
Disposals	-	(219)	(672)	(2,566)	(243)	(3,700)
At 31 December 2020	107	237	3,090	4,437	373	8,244
ACCUMULATED DEPRECIATION						
At 1 January 2020	37	299	3,263	6,288	612	10,499
Charge for year	1	3	112	267	-	383
Impairment	-	154	388	342	2	886
Disposals	-	(219)	(673)	(2,526)	(241)	(3,659)
At 31 December 2020	38	237	3,090	4,371	373	8,109
NET BOOK VALUE						
At 31 December 2020	69	-	-	66	-	135
At 31 December 2019	70	157	499	715	4	1,445

Freehold land and buildings include £32,000 (2019: £32,000) of freehold land which is not being depreciated.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****12. STOCKS**

	2020	2019
	£'000	£'000
Goods held for resale	<u>7,147</u>	<u>14,265</u>

The stocks shown above relate to stocks held within the network under the arrangement referred to in the accounting policy for stocks. There is no significant difference between the replacement cost in goods for resale and their carrying amounts.

13. DEBTORS

	2020	2019
	£'000	£'000
Trade debtors	7,702	7,781
Amounts owed by group undertakings	430	5,388
Other debtors	1,448	25,536
Prepayments and accrued income	<u>1,163</u>	<u>2,938</u>
	<u>10,743</u>	<u>41,643</u>
Amounts falling due after more than one year:		
Other debtors	<u>107</u>	<u>430</u>
Aggregate amounts	<u>10,850</u>	<u>42,073</u>

The company has a contract that includes an inflation linked element when calculating the amount owed by one of its customers. The amount receivable is revalued after the year end based on inflation figures published in the following year. There is no material adjustment required to trade receivables as a result of this arrangement.

Trade debtors are stated after provisions for impairment of £972,000 (2019: £9,000).

Other debtors at 31 December 2020 include amounts totalling £518,000 (2019: £24,861,000) in respect of the arrangement referred to in the accounting policy for stocks.

Debtors due after more than one year relate to initial costs incurred when setting up a lease and lease incentives which are being amortised over the lease term. This includes an amount due after more than five years on a lease expiring in 2026.

Amounts owed by group undertakings are unsecured, repayable on demand and bear no interest charges.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£'000	£'000
Trade creditors	12,367	51,326
Amounts owed to group undertakings	99,322	50,200
Other creditors	5,862	3,079
Taxation and social security	1,808	2,003
Accruals and deferred income	4,680	11,455
	<u>124,039</u>	<u>118,063</u>

Trade creditors at 31 December 2020 include amounts totalling £9,328,000 (2019: £47,634,000) and other creditors include amounts totalling £804,000 (2019: nil) in respect of the arrangement referred to in the accounting policy for stocks.

Amounts owed to group undertakings are unsecured and repayable on demand and include £3,477,000 (2019: £9,751,000) on which the interest rate is the Sterling Overnight Index Average plus 0.7%, plus £95,122,000 (2019: £40,127,000) for an unsecured interest bearing loan on which the interest rate is LIBOR plus a margin of 60 basis points (0.60%).

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Other creditors	<u>625</u>	<u>114</u>

Creditors due after more than one year represent lease incentives, which are being amortised up until 2025.

16. OPERATING LEASE COMMITMENTS

The company had the following future minimum lease payments in respect of non-cancellable operating leases for each of the following periods:

	2020	2019
	£'000	£'000
Not later than one year	2,102	1,259
Later than one year and not later than five years	4,966	6,111
Later than five years	887	2,057
	<u>7,955</u>	<u>9,427</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****17. PROVISIONS FOR LIABILITIES**

	Uninsured losses £'000	Dilapidations £'000	Other £'000	Total £'000
Balance at 1 January 2020	1,099	215	1,659	2,973
Charged to the statement of comprehensive income	-	1,295	3,650	4,945
Unused amounts credited to the statement of comprehensive income	-	(75)	(1,588)	(1,663)
Utilised	(200)	(97)	(485)	(782)
Unwind of discount	-	16	5	21
Balance at 31 December 2020	899	1,354	3,241	5,494

The uninsured losses provision is in respect of the costs of claims which are not insured externally, and fall below the excesses on the company's insurance policies. Claims can take several years to be settled.

Dilapidation provisions cover the costs of returning properties to conditions acceptable by the landlords/ lessors. These provisions are expected to be utilised by 2026.

Other provisions cover the costs incurred for vacant properties together with onerous lease provisions required as a consequence of the changes to the business resulting from the COVID-19 impact. These provisions are expected to be utilised by 2026.

18. CALLED UP SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted and fully paid		
1,455 (2019: 1,455) ordinary shares of £1 each	<u>1</u>	<u>1</u>

There were no allotments during the year (2019: none).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

19. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in contributory funded pension schemes operated by the Deutsche Post DHL Group in the United Kingdom.

The three major UK sections for employees providing services to the company are the Exel Section, the Ocean Section and the Tibbett & Britten Section ('T&B'). Previously there were four main sections, however the DHL NHS Supply Chain Pension Section ('NHS') was merged into the Exel Section during 2020. In addition a small number of staff are members of the DHL UK Pension Section ('DHL UK'). These sections are part of the DHL Group Retirement Plan ('the Plan'), including both defined benefit and defined contribution type arrangements, which is administered by external trustees independently of the Deutsche Post DHL Group's finances. These sections cover 86.9% (2019: 91.5%) of UK employees; defined benefit arrangements subject to future accrual account for 0.0% (2019: 0.1%) of the membership of the sections.

Actuarial valuations are carried out every three years. The latest valuations of the sections were made as at 31 March 2018 by Willis Towers Watson. The values of the sections' liabilities at 31 March 2018 have been updated by Willis Towers Watson to assess the liabilities of the sections at 31 December 2020 for the purposes of FRS 102 disclosures. The Plan's assets are stated at their market value at 31 December 2020.

A decision was made during 2013 to close all sections of the Plan, except the NHS section, to future accrual on a defined benefit basis with an effective date of 31 March 2014. A decision was made during 2019 to close the NHS section to future accrual on a defined benefit basis with an effective date of 1 April 2019. Subsequent to these dates all active members became deferred members and accrued benefits on a defined contribution basis.

As part of a bulk transfer exercise, 42.0% of staff transferred out of the NHS Section of the pension scheme back to government related pension schemes during 2020. Subsequent to this bulk transfer, the remaining members transferred to the Exel Section before the year end.

Contributions of £nil (2019: £0.8m) have been made by Deutsche Post DHL subsidiaries during the financial year in respect of the NHS section.

At 31 December 2020 the sections were valued at a net surplus of £5m (2019: £98m surplus).

A small number of management and clerical employees are employed by DHL Services Limited (a fellow group undertaking). The company receives a charge from DHL Services Limited relating to those staff, which includes an element relating to pension costs. Further details of the accounting for defined benefit pension schemes are disclosed in the financial statements of DHL Services Limited. Pension contributions made in respect of employees providing services to Tradetteam Limited were £4,403,000 (2019: £5,263,000) during the financial year relating to both defined benefit and defined contribution schemes.

TRADETEAM LIMITED (REGISTERED NUMBER: 03078367)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

20. 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. The balance of VAT payable by the VAT group as at 31 December 2020 was £61,321,000 (2019: £44,841,000).

21. POST BALANCE SHEET EVENTS

Tax rate change

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24th May 2021. The deferred tax disclosures in the statutory accounts includes balances measured at 19%, as this was the tax rate in force at the balance sheet date.

Transfer of operations

During 2021 a decision was taken to move the operating activities currently reported in Tradeteam Limited to fellow group subsidiary DHL Supply Chain Limited. At the same time the assets and leases relating to these operations will also transfer. Consequently all future reporting after this date will form part of the results of DHL Supply Chain Limited. The staff currently employed by Tradeteam Limited will transfer to DHL Services Limited. This is expected to take effect in the second half of 2021 and is considered to be a non-adjusting post balance sheet event.

The company was predominantly funded via a loan from the ultimate UK parent company. During 2021 it is the intention that a loan waiver will be granted thereby ensuring the company has positive net assets prior to the operational activity transferring to DHL Supply Chain Limited later in the year.

22. ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Exel Holdings 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.