

REGISTERED NUMBER: 03464436 (England and Wales)

**Annual Report and
Financial Statements for the Year Ended 31 December 2019
for
POWER EUROPE OPERATING LIMITED**

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POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

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for the Year Ended 31 December 2019**

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POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Company Information
for the Year Ended 31 December 2019**

DIRECTORS:

T Kühl
J Nava

REGISTERED OFFICE:

Ocean House
The Ring
Bracknell
Berkshire
RG12 1AN

REGISTERED NUMBER:

03464436 (England and Wales)

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Strategic Report
for the Year Ended 31 December 2019**

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

REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of a holding company for the other Power companies (note 9).

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.

	2019	2018
	£'000	£'000
Profit for the financial year	<u>38</u>	<u>1,574</u>

The profit for the financial year is mainly generated from interest income of £37,582 from the company's loan deposit with a fellow group undertaking. In the prior year the income was generated from interest income and dividend income received from investments in group undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES AND KEY PERFORMANCE INDICATORS (KPI's)

Given the straightforward nature of the business, the directors consider that a discussion of the main business risks and analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.


COVID-19

The World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020 and given the passage of time from the balance sheet date of 31 December 2019, this is considered to be a non-adjusting post balance sheet event.

The directors have considered the impact of COVID-19 on the operations and current carrying value of the assets held by the company. Whilst there continues to be uncertainty surrounding the development of the virus and any subsequent impact on the assets of the company, at the date of finalising these financial statements the directors are not aware of any material change in carrying values of the company's assets. The Board will continue to monitor the situation.

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

ON BEHALF OF THE BOARD:


.....
J Nava - Director
Date: 2 July 2020

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

Report of the Directors for the Year Ended 31 December 2019

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

FUTURE DEVELOPMENTS

The company will continue to act as the holding company for the UK Power companies.

GOING CONCERN

The directors have carried out a going concern assessment which takes into account the forecast impact of COVID-19 on the company. The forecasts that support this assessment suggest that the company will continue to be able to meet its obligations as they fall due throughout the period of twelve months from the date of these accounts. The company participates 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 draw on these arrangements for funds should the need to access a short term working capital facility arise. Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

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

The company does not use derivative financial instruments.

DIVIDENDS

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

The total distribution of dividends for the year ended 31 December 2019 was £nil.

The total distribution of dividends for the year ended 31 December 2018 was £1,610,000.

DIRECTORS

There were no changes to directors holding office during the period from 1 January 2019 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.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Report of the Directors – continued
for the Year Ended 31 December 2019**

POST BALANCE SHEET EVENTS

Change in corporation tax rate

On 11 March 2020 it was announced in the Budget, that the intended corporation tax rate reduction from 19% to 17% from 1 April 2020 was to be cancelled. Any deferred tax assets and liabilities included in these financial statements have been calculated using the rates in force at the balance sheet date.

COVID-19

The World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020 and given the passage of time from the balance sheet date of 31 December 2019, this is considered to be a non-adjusting post balance sheet event.

The directors have considered the impact of COVID-19 on the operations and current carrying value of the assets held by the company. Whilst there continues to be uncertainty surrounding the development of the virus and any subsequent impact on the assets of the company, principally the investments in subsidiary undertakings and any intercompany funding with other group undertakings, at the date of finalising these financial statements the directors are not aware of any material change in carrying values of the company's assets. The Board will continue to monitor the situation.

Capital reduction

On 8 May 2020, the Board of Directors approved a capital reduction of the company which resulted in the transfer of the share premium account of the company of £2,445,000 to retained earnings.

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 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.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Report of the Directors – continued
for the Year Ended 31 December 2019**


**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS -
continued**

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.

EXEMPTION FROM THE REQUIREMENT TO PERFORM AN AUDIT

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

ON BEHALF OF THE BOARD:



J Nava - Director

J Nava - Director
Date: 2 July 2020

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Statement of Comprehensive Income
for the Year Ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Income from shares in group undertakings		-	1,520
OPERATING PROFIT	5	-	1,520
Other interest receivable and similar income	6	38	57
Interest payable and similar charges	7	-	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		38	1,574
Tax on profit on ordinary activities	8	-	-
PROFIT FOR THE FINANCIAL YEAR		38	1,574

There are no items of other comprehensive income other than the profit for the financial year (2018: £nil).

CONTINUING OPERATIONS

All results relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Balance sheet
as at 31 December 2019**

	Note	2019 £'000	2018 £'000
FIXED ASSETS			
Investments	9	-	-
CURRENT ASSETS			
Debtors	10	4,905	4,693
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(848)</u>	<u>(674)</u>
NET CURRENT ASSETS		4,057	4,019
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,057</u>	<u>4,019</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Share premium account		2,445	2,445
Retained earnings		<u>1,612</u>	<u>1,574</u>
EQUITY		<u>4,057</u>	<u>4,019</u>

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

The financial statements on pages 6 to 17 were approved by the Board of Directors on 2 July 2020 and signed on its behalf by:

Thorsten Kuehl
Signed on behalf of the company on 2 July 2020
.....
T Kühl - Director

The notes on pages 9 to 17 form part of these financial statements.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Statement of Changes in Equity
for the Year Ended 31 December 2019**

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018		-	2,445	1,610	4,055
Changes in equity					
Dividends	13	-	-	(1,610)	(1,610)
Profit for the financial year		-	-	1,574	1,574
Balance at 31 December 2018		-	2,445	1,574	4,019
Changes in equity					
Profit for the financial year		-	-	38	38
Balance at 31 December 2019		-	2,445	1,612	4,057

The share premium account represents the premium amount, over and above the nominal value, on any shares issued in prior years.

Retained earnings represents accumulated comprehensive income for the year and prior years.

The notes on pages 9 to 17 form part of these financial statements.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

General information

Power Europe Operating 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 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.

The company is a wholly-owned subsidiary of Deutsche Post AG, a company incorporated in Germany, and is included in the consolidated financial statements of Deutsche Post AG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006. These financial statements are company's separate financial statements.

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

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Reporting Standard 102 - reduced disclosure exemptions - continued

- the requirements of Section 11 paragraphs 11.39 to 11.48A regarding the disclosure of financial instruments

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.

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.

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.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

Fixed asset investments

Fixed asset investments that are basic financial instruments as defined by FRS 102 are included in the balance sheet at cost less provision for any impairment in value. Investment carrying values are reviewed for impairment periodically and when there has been an indication of a potential impairment.

Amounts owed by group undertakings

As a part of its normal activity, the company provides loan financing to members of the group. The loans are advanced on commercial terms, taking into account the borrower's status and financial position. The company periodically assesses the ability of the borrower to repay the loans, and provisions are made where necessary and recognised in other operating charges. If the borrower's financial position subsequently improves or the loan is repaid then any excess provision is released and recognised in other operating income. The loans are repayable on demand and for the purposes of FRS 102 are regarded as basic financial instruments.

Called up share capital

Ordinary shares are classified as equity.

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.

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.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - continued

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.

Impairment of debtors

The company makes an estimate of the recoverable value of amounts receivable from group undertakings by performing an annual impairment review based on the net assets of those group companies. See note 10 for the net carrying amount of the debtors and the associated impairment provision.

Impairment of investments

The company holds investments in fellow group undertakings which are reviewed for impairment on a regular basis. The carrying value of the investments is compared to the net asset value and an impairment recognised in the statement of comprehensive income where appropriate. See note 9 for the net carrying amount of the investments and the associated impairment provision.

4. STAFF COSTS

There were no staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018.

The company had no employees (2018: none).

5. OPERATING PROFIT

The directors receive no remuneration (2018: £nil) specifically for services provided to the company.

Key management personnel include the directors of fellow group undertakings within the UK and Germany. The key management personnel receive no payment from the company with regard to these services.

There is no audit fee for 2019 (2018: £nil) as the company has taken advantage of the exemption from audit granted under Section 479A of the Companies Act 2006.

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£'000	£'000
Interest receivable from group undertakings	<u>38</u>	<u>57</u>

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £'000	2018 £'000
Interest payable to group undertakings	<u>-</u>	<u>3</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2019 £'000	2018 £'000
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Reconciliation of tax charge

The tax assessed for the year differs from (2018: differs from) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	<u>38</u>	<u>1,574</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	7	299
Effects of:		
Income not subject to UK tax	-	(289)
Group relief claimed from other group companies	<u>(7)</u>	<u>(10)</u>
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Tax rate changes

The standard rate of corporation tax in the UK was reduced from 19% to 17% from 1 April 2020 by section 46 Finance Act 2016. These rates were in force at the balance sheet date and therefore any deferred tax assets and liabilities included in the financial statements reflect these rates. However it was announced in the Budget on 11 March 2020 that legislation was to be introduced to cancel the rate cut to 17%.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019****9. INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 January 2019 and 31 December 2019	<u>2,445</u>
PROVISIONS	
At 1 January 2019 and 31 December 2019	<u>2,445</u>
NET BOOK VALUE	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

During the year the company purchased the shares in Power Europe Development No. 3 Limited from a fellow group undertaking at a book value of £1.

The following companies are the subsidiary undertakings and interests held directly or indirectly by the company. For the investments held directly by the company, unless otherwise stated, 100% of the ordinary share capital is owned, the subsidiaries operate in their country of incorporation, and have a 31 December year end:

Directly held investments

Company	Nature of business	Registered office address
Subsidiary undertakings		
Fashionflow Limited	Dormant	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN
Power Europe (Cannock) Limited	Contract logistics and management services	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN
Power Europe (Doncaster) Limited	Dormant	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN
Power Europe Development Limited	Dormant	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

9. INVESTMENTS - continued

Directly held investments - continued

Company	Nature of business	Registered office address
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Subsidiary undertakings - continued

Power Europe Development No. 3 Limited	Dormant	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN
Power Europe Limited	Dormant	Ocean House, The Ring, Bracknell, Berkshire RG12 1AN

In the opinion of the directors, the value of the company's investments in subsidiary undertakings is not less than the amount included in the balance sheet.

10. DEBTORS

	2019 £'000	2018 £'000
Amounts owed by group undertakings	<u>4,905</u>	<u>4,693</u>

Amounts owed by group undertakings include an unsecured interest bearing loan. The rate of interest applicable is LIBOR plus a margin of 45 basis points (0.45%). The loan is repayable on demand.

Amounts owed by group undertakings also include £586,000 (2018: £374,000) on which the interest rate is the Sterling Overnight Index Average minus 30 basis points (0.3%).

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>848</u>	<u>674</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

12. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted and fully paid		
104 (2018: 104) ordinary shares of £1 each	104	104
1 (2018: 1) 'A' ordinary share of \$ 1	1	1
	105	105

There were no allotments during the year (2018: none).

There are no restrictions on the distribution of dividends and the repayment of capital.

13. DIVIDENDS

	2019	2018
	£'000	£'000
Equity - ordinary		
Interim paid: £nil (2018: £15,481) per £1 share	-	1,610

14. CONTINGENT LIABILITIES

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 2019 was £44,841,000 (2018: £56,966,000).

15. POST BALANCE SHEET EVENTS

Change in corporation tax rate

On 11 March 2020 it was announced in the Budget, that the intended corporation tax rate reduction from 19% to 17% from 1 April 2020 was to be cancelled. Any deferred tax assets and liabilities included in these financial statements have been calculated using the rates in force at the balance sheet date. The change will not have any impact on these financial statements.

COVID-19

The World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020 and given the passage of time from the balance sheet date of 31 December 2019, this is considered to be a non-adjusting post balance sheet event.

The directors have considered the impact of COVID-19 on the operations and current carrying value of the assets held by the company. Whilst there continues to be uncertainty surrounding the development of the virus and any subsequent impact on the assets of the company, principally the investments in subsidiary undertakings and any intercompany funding with other group undertakings, at the date of finalising these financial statements the directors are not aware of any material change in carrying values of the company's assets. The Board will continue to monitor the situation.

POWER EUROPE OPERATING LIMITED (REGISTERED NUMBER: 03464436)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

15. POST BALANCE SHEET EVENTS - continued

Capital reduction

On 8 May 2020, the Board of Directors approved a capital reduction of the company which resulted in the transfer of the share premium account of the company of £2,445,000 to retained earnings.

16. ULTIMATE CONTROLLING PARTY

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