

**UPS LIMITED**  
**(REGISTERED NUMBER 01933173)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

FRIDAY



\*A4DSP2XV\*

A12

14/08/2015

#133

COMPANIES HOUSE

**UPS LIMITED**

**Report and financial statements 2014**

<b>Contents</b>	<b>Page</b>
Officers and Professional advisers	2
Strategic Report	3
Directors' Report	4
Independent Auditor's Report	7
Profit and Loss account	9
Statement of total recognised gains and losses	10
Balance Sheet	11
Notes to the financial statements	12

## **UPS LIMITED**

### **Officers and Professional advisers**

#### **Directors**

C Miller  
HM Mensing  
G Willis  
P Dunstan

#### **Company Secretary**

P Dunstan

#### **Registered office**

UPS House  
Forest Road  
Feltham  
Middlesex  
TW13 7DY

#### **Registered number**

01933173

#### **Solicitors**

Clyde & Co  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7AR

#### **Bankers**

Barclays Bank  
London Corporate Centre  
PO Box 46116  
London  
EC4N 8WB

HSBC Bank plc  
City of London Corporate Office  
PO Box 125  
62-76 Park Street  
London  
SE1 9WP

Bank Mendes Gans  
1000 AD Amsterdam  
Herengracht 619  
The Netherlands

#### **Auditor**

Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

**UPS LIMITED****STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013****PRINCIPAL ACTIVITIES**

The principal activities of the company are to provide domestic and international parcel delivery services and the provision of HM Revenue & Customs clearance facilities for inbound parcels, incorporating a delivery service within the United Kingdom for parcels that originate from the United Parcel Service worldwide network.

**BUSINESS REVIEW**

Turnover has improved during the year and the directors expect growth in both domestic and international revenue to continue over the next three years, generating improved profitability.

**KEY PERFORMANCE INDICATORS**

	2014 £'000	2013 £'000
Turnover	837,245	758,021
Gross Profit	124,894	105,264
Operating Profit	55,457	39,230
Gross Profit Margin	14.92%	13.89%
Operating Profit Margin	6.62%	5.18%

**RESULTS AND DIVIDENDS**

The results for the year are set out on page 9 of the financial statements and show an operating profit of £55,457,000 (2013 - profit of £39,230,000) on turnover of £837,245,000 (2013 - £758,021,000). Net assets at 31 December 2014 were £145,203,000 (2013 : £121,411,000). No dividend was declared for current and prior years.

**GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and company's forecasts and projections, and taking account of reasonably possible changes in trading performance, show that the company will continue to grow and increase its turnover.

A letter of support has been obtained from UPS, Inc. (ultimate parent company), confirming that it will provide the financial support necessary to permit the company to continue operating and liquidating its liabilities in the normal course of business.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and accounts.

Approved by the Board of Directors  
and signed on behalf of the Board.



Peter Dunstan  
Company Secretary

Date: 04.08.2015

## **UPS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors submit herewith their annual report and the audited financial statements for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company are to provide domestic and international parcel delivery services and the provision of HM Revenue & Customs clearance facilities for inbound parcels, incorporating a delivery service within the United Kingdom for parcels that originate from the United Parcel Service worldwide network.

#### **BUSINESS REVIEW**

Turnover has improved during the year and the directors expect growth in both domestic and international revenue to continue over the next three years, generating improved profitability.

#### **GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and company's forecasts and projections, and taking account of reasonably possible changes in trading performance, show that the company will continue to grow and increase its turnover.

A letter of support has been obtained from UPS, Inc. (ultimate parent company), confirming that it will provide the financial support necessary to permit the company to continue operating and liquidating its liabilities in the normal course of business.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and accounts.

#### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 9 of the financial statements and show an operating profit of £55,457,000 (2013 - profit of £39,230,000) on turnover of £837,245,000 (2013 - £758,021,000). Net assets at 31 December 2014 were £145,203,000 (2013 : £121,411,000). No dividend was declared for current and prior years.

#### **DIRECTORS AND THEIR INTERESTS**

Directors who have served throughout the year and to the date of this report unless otherwise indicated are as follows:

C Miller  
HM Mensing  
G Willis  
P Dunstan

No director had any interests in the share capital of the company during the period. There are no disclosable interests in shares of other group companies.

#### **POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events.

## **UPS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

#### **EMPLOYMENT OF DISABLED PERSONS**

Disabled persons are employed by the company when they appear to be suited to a particular vacancy. The particular aptitudes and abilities of disabled persons are more easily met in certain aspects of our business, particularly in connection with clerical work, and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. In the event that any employee should become disabled while in our employment every effort is made to ensure continuing employment within the company.

#### **EMPLOYEES' INVOLVEMENT**

The group recognises the need to provide information to employees on issues affecting them and the performance of the group. This is achieved through periodic management meetings and the publication of information bulletins.

#### **DONATIONS**

No charitable donations were paid in the year (2013 - £4,025).

No political donations were made in the year (2013 - £nil).

#### **PAYMENT OF CREDITORS**

The group's policy for the payment of its suppliers is to agree the terms of payment in advance and, provided a supplier performs in accordance with the agreement, to abide by such terms. No creditor days figure is given as the majority of cost of sales represents intercompany charges, and hence any figure given would not be representative.

#### **RISK MANAGEMENT**

The company is exposed to price risks, including market, currency and interest rate risk, along with credit, liquidity, cash flow, and regulatory risk. The company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner.

Financial assets that expose the company to financial risk consist principally of cash, trade receivables and other receivables. Financial liabilities that expose the company to financial risk consist principally of trade payables and other payables. The financial risks associated with these financial instruments are considered minimal.

##### Foreign exchange risk

The directors are of the view that the company is not exposed to any significant foreign exchange risk.

##### Interest rate risk

Interest-bearing financial assets and liabilities are all short term. Hence with the current interest rate level any future variation in interest rates will not have a material impact on net profit.

##### Credit risk

The company places its cash with credit worthy institutions. The company performs ongoing credit evaluation of its customers' financial condition. The carrying amounts of cash, trade receivable and other receivables represent the maximum credit risk that the company is exposed to. The trade receivables are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

##### Liquidity risk

The company is dependent on its ultimate parent undertaking for continued financial support and the directors are satisfied that this financial support will be available when required. In the light of the parent's support there is considered to be no going concern risk.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, cash management is a key priority. Managers are measured on internal performance reviews which include daily, weekly and monthly cash reporting.

##### Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their fair values due to the relatively short-term maturing of these financial instruments.

##### Regulatory risk

The company is exposed to the risks associated with changes in relevant laws and regulations. The company has adopted risk management policies that seek to address and mitigate these risks.

## **UPS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

During the year Deloitte continued in their role as auditors of the company. A resolution to reappoint Deloitte as the company's auditor will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors  
and signed on behalf of the Board.



Peter Dunstan  
Company Secretary

Date: 04.08.2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPS LIMITED

We have audited the financial statements of UPS Limited for the year ended 31 December 2014 which comprise, the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

*Continued on next page/*

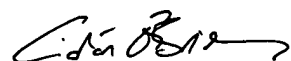


*/Continued from previous page*

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ciarán O'Brien (Senior statutory auditor)  
for and on behalf of Deloitte  
Chartered Accountants and Statutory Auditor  
Dublin  
Ireland

Date: 4 August 2015

**UPS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>Notes</u>	2014 £'000	2013 £'000
<b>Turnover</b>	2	837,245	758,021
Cost of sales		(712,351)	(652,757)
<b>Gross profit</b>		124,894	105,264
Administrative expenses		(69,437)	(66,034)
<b>OPERATING PROFIT</b>	3	55,457	39,230
Interest receivable and similar income	4	3,139	1,222
Interest payable and similar charges	5	(1,103)	(877)
<b>Profit on ordinary activities before taxation</b>		57,493	39,575
Tax on profit of ordinary activities	6	(12,888)	(11,862)
<b>Profit on ordinary activities after taxation</b>	16/17	44,605	27,713

The notes on pages 12 to 31 form part of these financial statements.  
All results are derived from continuing operations.

**UPS LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<u>Notes</u>	2014 £'000	2013 £'000
Profit for the year transferred to reserves		44,605	27,713
Actuarial loss relating to the Pension Scheme	18	(26,016)	(7,442)
UK deferred tax attributable to the actuarial loss	18	5,203	989
		<hr/>	<hr/>
Total recognised gains relating to the year		23,792	21,260
		<hr/>	<hr/>

**UPS LIMITED**

**BALANCE SHEET - 31 DECEMBER 2014**

	<u>Notes</u>	<u>2014</u> £'000	<u>2014</u> £'000	<u>2013</u> £'000	<u>2013</u> £'000
<b>FIXED ASSETS</b>					
Tangible assets	8		107,100		106,742
			107,100		106,742
<b>CURRENT ASSETS</b>					
Stocks	10	769		628	
Debtors falling due after one year	11	1,914		3,782	
Debtors falling due within one year	11	152,846		148,988	
Cash at bank and in hand		74,670		51,120	
		230,199		204,518	
<b>CREDITORS - amounts falling due within one year</b>	12	(163,309)		(171,911)	
<b>NET CURRENT ASSETS</b>			66,890		32,607
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			173,990		139,349
<b>PROVISIONS FOR LIABILITIES</b>	13		(6,492)		(8,751)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			167,498		130,598
Pension - defined benefit liability	18		(22,295)		(9,187)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			145,203		121,411
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		2		2
Share premium	16		196,952		196,952
Group reconstruction reserve	16		(72,263)		(72,263)
Profit and loss account	16		20,512		(3,280)
<b>SHAREHOLDERS' FUNDS</b>	17		145,203		121,411

The financial statements of UPS Limited (registered number 01933173) were approved by the board of directors and authorised for issue on 2015. They were signed on its behalf by:



Peter Dunstan  
DIRECTOR

Date: 04.08.2015

## **UPS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**

#### **1 ACCOUNTING POLICIES**

##### **Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and company's forecasts and projections, and taking account of reasonably possible changes in trading performance, show that the company will continue to grow and increase its turnover.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and accounts.

##### **Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom laws and accounting standards. The particular accounting policies adopted are described below and have been applied in the current and preceding year.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Operations**

All operations in UPS Limited are from continuing operations.

##### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point a parcel is collected from customers.

##### **Group accounts**

The company has taken advantage of the exemption granted under section 401 of the Companies Act 2006 not to produce group accounts. UPS Ltd is a subsidiary of UPS (UK Holding) Limited which itself is a subsidiary of United Parcel Service Inc. which is not established under the law of an EEA State. UPS (UK Holding) Ltd as well as UPS Ltd have met all the conditions necessary to be exempt from completing consolidated financial statements as group accounts are prepared for United Parcel Service Inc. in a manner which is equivalent to the 7th EU Company law directive. Consequently, the financial statements of UPS (UK Holding) Ltd present information about the undertaking itself rather than its group.

UPS Ltd is also, on this basis, exempt from the requirement of FRS 1 (revised) to present a cash flow statement.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation of tangible fixed assets is provided at rates calculated to reduce their cost to estimated realisable value at the end of their anticipated useful lives.

Freehold buildings	20 to 40 years
Leasehold buildings and improvements	Costs are written off over the terms of the leases or the estimated remaining life if shorter
<b><u>Plant and Machinery</u></b>	
Fixtures, fittings, tools and equipment	3 to 10 years
Motor vehicles	3 to 11 years

Freehold land is not depreciated.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

##### **Foreign currency**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

## UPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

#### 1 ACCOUNTING POLICIES (Continued)

##### Pension costs

For the defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains or losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For the defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Operating lease rentals are charged to profit and loss account in equal amounts over the lease term.

##### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Deferred tax is measured on a non-discounted basis.

# **UPS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)**

### **2 TURNOVER**

Turnover represents the value of services invoiced to customers and other group companies for forwarding of parcels and freight both domestically and internationally and the provision of HM Revenue & Customs clearance facilities together with amounts invoiced to group undertakings for services rendered on their behalf. Turnover is stated net of value added tax and duty.

Turnover, pre-tax profits and net assets are materially attributable to the provision of services as parcel and freight forwarders and customs clearance agents and for the provision of services to other group companies.

The company has not disclosed Revenue by segment or geographical market as in the opinion of the Directors, this is prejudicial to the company's performance.

### **3 OPERATING PROFIT**

	2014 £'000	2013 £'000
Operating profit is stated after charging / (crediting):		
Depreciation:		
- Owned tangible fixed assets	14,627	12,964
- Fixed assets held under hire purchase contracts and finance leases	8	178
Profit on disposal of fixed assets	(11)	(53)
Auditors' remuneration:		
- Fees payable to the Company's auditors for audit of the companies accounts	100	117
- Tax services	27	26
Operating lease charges:		
- Plant and machinery	607	632
- Other assets	6,717	10,317

### **4 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014 £'000	2013 £'000
Other Interest Receivable	6	5
Net income from Pension Scheme (Note 18)	3,133	1,217
	<u>3,139</u>	<u>1,222</u>

### **5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2014 £'000	2013 £'000
Amounts owed to group undertakings	325	305
Other interest payable	12	14
Hire purchase interest	-	3
Unwinding of discount factor on dilapidations (Note 13)	766	555
	<u>1,103</u>	<u>877</u>

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2014 £'000	2013 £'000
<b>Current tax:</b>		
UK corporation tax on profit for the year at 21.50% (2013 : 23.25%)	9,165	3,503
UK corporation tax - adjustments in respect of prior years	(71)	2,325
Total current tax	9,094	5,828
<b>Deferred tax:</b>		
Pension movement	1,926	2,519
Tax losses	1,097	1,869
Current year movements	666	(22)
Effects of rate change	-	844
Adjustments in respect of prior years	105	824
Total deferred tax	3,794	6,034
Tax on profit for the year	12,888	11,862

Adjustments in respect of previous year arise from the agreement of prior year tax computations.

**Factors affecting tax charge for the year**

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

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	57,493	39,575
Profit on ordinary activities at the standard UK rate of tax 21.50% (2013: 23.25%)	12,361	9,201
Utilisation of tax losses carried forward	(1,647)	(3,978)
Capital allowances versus depreciation	331	(135)
Prior period revisions	(71)	(71)
Pension deduction	(2,133)	(2,017)
Items not deductible for tax purposes	253	2,828
	9,094	5,828

Deferred tax assets/liabilities have not been discounted.

Current tax has been calculated at 21.50% being the blended corporation tax rate for the period.

Deferred tax at the balance sheet date has been recognised at a rate of 20% based on the corporation tax rate effective 1 April 2015, which is deemed the recoverable tax rate for the deferred tax balances as at 31 December 2014. In the 2013 Budget issued on 21 March 2013, the Government announced that the tax rate would be reduced to 21% with effect from 1 April 2014 with a further reduction to 20% from 1 April 2015.



**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The average monthly number of employees including directors during the year was made up as follows:

	2014 Number	2013 Number
Office and management	1,539	1,629
Operators	3,680	3,485
	<hr/> 5,219	<hr/> 5,114
	<hr/>	<hr/>
Staff costs during the year amounted to:	2014 £'000	2013 £'000
Wages and salaries	157,930	149,674
Social security costs	14,803	14,009
Other pension costs	4,979	1,328
	<hr/> 177,712	<hr/> 165,011
	<hr/>	<hr/>
	2014 £'000	2013 £'000
The aggregate amount of directors' emoluments excluding defined benefit pension costs	612	668
	<hr/>	<hr/>
The emoluments of the highest paid director - excluding defined benefit pension costs	375	344
	<hr/>	<hr/>

None of the directors are members of the company's defined benefit or money purchase pension schemes. The directors hold no options over shares in the company.

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**8 TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £'000	Improvements to Leasehold Land and Buildings £'000	Long Leasehold Land and Buildings £'000	Plant and Machinery £'000	Total £'000
<b><u>Cost</u></b>					
At 1 January 2014 :	56,268	8,356	3,258	162,376	230,258
Additions :	1,636	637	-	14,826	17,099
Disposals	(2,003)	(1,151)	-	(10,644)	(13,798)
Reclassification	1,918	-	(1,918)	-	-
At 31 December 2014	57,819	7,842	1,340	166,558	233,559
<b><u>Depreciation</u></b>					
At 1 January 2014	8,111	5,620	1,393	108,392	123,516
Charge for the year	812	322	8	13,493	14,635
Disposals	(622)	(742)	-	(10,328)	(11,692)
Reclassification	1,319	-	(1,319)	-	-
At 31 December 2014	9,620	5,200	82	111,557	126,459
<b><u>Net book value</u></b>					
At 31 December 2014	48,199	2,642	1,258	55,001	107,100
At 31 December 2013	48,157	2,736	1,865	53,984	106,742

Included within freehold land and buildings is land at a cost of £24,653,428 (2013: £24,065,000) that is not depreciated. Included within long leasehold land and buildings is land at a cost of £1,034,165 (2013: £1,034,165) that is not depreciated.

The directors are satisfied that the asset valuations as at 31 December 2014 are fair given the current market conditions.

Fixed assets under finance lease and hire purchase contracts had a net book value at 31 December 2014 of £1,258,000 (2013: £1,865,000). These are included in Long Leasehold Land and Buildings.

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**9 INVESTMENTS**

	2014 £	2013 £
UPS Pension Trustees Limited	1	1

UPS Limited owns 100% of the ordinary share capital of UPS Pension Trustees Limited, a non-trading entity incorporated in Great Britain and registered in England and Wales.

**10 STOCKS**

	2014 £'000	2013 £'000
Consumable stores	769	628

**11 DEBTORS**

	2014 £'000	2013 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	93,922	94,730
Amounts owed by group companies	55,442	49,670
Other debtors	783	457
Prepayments and accrued income	2,699	4,131
	<u>152,846</u>	<u>148,988</u>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 14)	<u>1,914</u>	<u>3,782</u>

**12 CREDITORS (amounts falling due within one year)**

	2014 £'000	2013 £'000
Trade creditors	4,094	2,516
Amounts owed to group companies	71,765	76,613
Intercompany loans	26,660	32,633
Other creditors	3,207	2,371
Corporation tax	1,360	1,508
Other taxation and social security	15,545	14,567
Accruals and deferred income	40,678	41,703
	<u>163,309</u>	<u>171,911</u>

Interest at 1M LIBOR + 0.1080% (2013: 1M LIBOR + 0.1267%) is payable on intercompany loans. The loans are repayable on demand, provided such demand is given with a minimum of one years notice, but have no fixed repayment terms.

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

<b>13</b>	<b>PROVISIONS FOR LIABILITIES</b>	<u>Onerous Lease</u>	<u>Dilapidations</u>	<u>Total</u>
		£'000	£'000	£'000
	At 1 January 2014	1,924	6,827	8,751
	Unwinding of Discount Factor	-	766	766
	Utilised	(16)	(1,138)	(1,154)
	Credited to the Profit and Loss	(1,871)	-	(1,871)
	At 31 December 2014	<u>37</u>	<u>6,455</u>	<u>6,492</u>

The provisions represent dilapidations and onerous leases for the various properties maintained by UPS Limited. The directors believe the dilapidation expenditures will be incurred within the next twenty years to restore the conditions of the properties. The onerous lease provisions are expected to be utilized within three years.

The current period credit to the Profit and Loss relates primarily to the assignment of a lease during the year that was being carried as an onerous lease, therefore UPS Limited no longer has any obligation for this lease. This lease was included in the opening provision at 1 January 2014 at an amount of £1,468,000. In addition to this, a sub-lease was agreed for a separate onerous lease, resulting in a further £403,000 decrease in the onerous lease provision.

**UPS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**  
**(CONTINUED)**

**14 DEFERRED TAXATION**

The amounts provided for in the financial statements for deferred taxation and the amounts not provided for are as follows:

	Provided (assets)/liabilities	
	2014 £'000	2013 £'000
Capital allowances in excess of depreciation	(1,177)	(1,796)
Tax losses	-	(1,097)
Other timing differences	(737)	(889)
Deferred tax asset	<u>(1,914)</u>	<u>(3,782)</u>
Deferred tax on pensions (Note 18)	<u>(5,574)</u>	<u>(2,297)</u>
<b>Total Deferred Tax Debtor</b>	<u><b>(7,488)</b></u>	<u><b>(6,079)</b></u>
		Deferred tax asset
		£'000
At 1 January 2014		(6,079)
Charge to profit and loss account (Note 6)		3,794
Movement in Statement of Total Recognised Gains and Losses		<u>(5,203)</u>
At 31 December 2014		<u><b>(7,488)</b></u>

**UPS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014**  
**(CONTINUED)**

**15 CALLED UP SHARE CAPITAL**

	2014 £000	2013 £000
<b>Authorised:</b>		
100,000 Ordinary Shares of £1 each	100	100
<b>Called up, allotted and fully paid:</b>		
2,003 (2013: 2,003) Ordinary Shares of £1 each	2	2

**16 RESERVES**

	Share Premium £'000	Group reconstruction reserve £'000	Profit and loss account £'000
At 1 January 2014	196,952	(72,263)	(3,280)
Profit for the year	-	-	44,605
Actuarial Loss relating to the pension scheme	-	-	(26,016)
UK deferred tax attributable to the actuarial loss			5,203
At 31 December 2014	196,952	(72,263)	20,512

**17 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	2014 £'000	2013 £'000
Opening shareholders' funds	121,411	100,151
Profit for the financial year	44,605	27,713
Actuarial Loss relating to the Pension Scheme	(26,016)	(7,442)
UK deferred tax attributable to the actuarial loss	5,203	989
Closing Shareholders' funds	145,203	121,411

## UPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

18

#### PENSION COSTS

##### **Defined contribution schemes**

UPS Limited operates a defined contribution scheme which is open to new entrants. The assets of the scheme are held in a separate trustee administered fund.

The total cost charged to income of £962,000 (2013 : £2,077,000) represents contributions payable to this scheme by the group at rates specified in the rules of the plans. As at 31 December 2014 and 2013, all contributions were paid over.

The figures above exclude any assets and liabilities arising from members' individual accounts. Plan members may pay Additional Voluntary Contributions (AVCs). These operate on a defined contribution basis. The figures above exclude any assets and liabilities arising from members' individual AVC accounts.

##### **Defined benefit schemes**

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

UPS Limited operates three defined benefit schemes:

##### **UPS**

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2014.

##### Key assumptions used:

	Valuation at	
	2014	2013
Discount rate	3.65%	4.45%
Expected return on scheme assets	5.40%	6.10%
Expected rate of salary increases	3.35%	3.55%
Future pension increases		
- price inflation, capped at 5% pa	3.05%	3.15%
- price inflation, capped at 2.5% pa	2.15%	2.15%
Inflation	3.10%	3.30%

##### Mortality Assumptions

At the balance sheet date, plan members were assumed to have the following life expectancies at age 60:

	2014	2013
Retiring today:		
Male pensioner now aged 60	27	27
Female pensioner now aged 60	31	31
Retiring in 20 years:		
Male non-pensioner now aged 40	29	29
Female non-pensioner now aged 40	32	32

**UPS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013**  
**(CONTINUED)**

**18 PENSION COSTS (Continued)**

Amounts recognised in the profit and loss account in respect of the defined benefit scheme is as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Current service cost	2,734	2,588
Interest cost	6,435	5,957
Expected return on scheme assets	(8,207)	(6,468)
	<u>962</u>	<u>2,077</u>

Of the charge for the year, £1,772,000 (2013 : £511,000) has been included in interest receivable, and £2,734,000 (2013 : £2,588,000) in administrative expenses. Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The return on scheme assets was £13,121,000 (2013 : £10,753,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a deficit of £53,719,000 (2013 : deficit of £52,757,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Present value of defined benefit obligations	173,588	143,875
Fair value of scheme assets	(149,649)	(132,607)
Deficit in scheme	<u>23,939</u>	<u>11,268</u>
Related deferred tax (Note 14)	<u>(4,788)</u>	<u>(2,254)</u>
Net pension liability	<u>19,151</u>	<u>9,014</u>

Movements in the present value of defined benefit obligations were as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 January	143,875	130,049
Service cost	2,734	2,588
Interest cost	6,435	5,957
Contributions from scheme members	111	126
Actuarial loss	24,273	8,434
Benefits paid	(3,840)	(3,279)
Past service cost	-	-
At 31 December	<u>173,588</u>	<u>143,875</u>

Movements in the fair value of the scheme assets were as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 January	132,607	112,598
Expected return on scheme assets	8,207	6,468
Actuarial gain	4,914	4,285
Contributions from the sponsoring companies	7,650	12,409
Contributions from scheme members	111	126
Benefits paid	(3,840)	(3,279)
	<u>149,649</u>	<u>132,607</u>



**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**18 PENSION COSTS (Continued)**

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	<u>Expected return</u>		<u>% of total plan assets</u>	
	2014 % pa	2013 % pa	2014 % pa	2013 % pa
Equity instruments	6.70%	7.70%	38.00%	38.00%
Property	5.70%	6.95%	29.00%	20.00%
Fixed Interest - UK gilts	2.20%	3.45%	5.00%	4.00%
Fixed Interest - Other	3.20%	4.25%	12.00%	20.00%
Cash	2.05%	3.30%	1.00%	1.00%
Diversified growth fund	4.65%	4.65%	15.00%	17.00%

The five year history of experience adjustments is as follows:

	<u>2014</u> £'000	<u>2013</u> £'000	<u>2012</u> £'000	<u>2011</u> £'000	<u>2010</u> £'000
Fair value of scheme liabilities	173,588	143,875	130,049	117,432	95,864
Fair value of scheme assets	149,649	132,607	112,598	98,411	90,968
Experience adjustments on scheme liabilities	53	(208)	1,182	(3,046)	931
Percentage of scheme liabilities (%)	0.0%	(0.1%)	0.9%	(2.6%)	1.0%
Experience adjustments on scheme assets	4,914	4,285	3,800	(3,719)	4,106
Percentage of scheme assets (%)	3.3%	3.2%	3.4%	(3.8%)	4.5%

**UPS LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014****(CONTINUED)****18 PENSION COSTS****Lynx**

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2014.

Key assumptions used:

	<u>Valuation at</u>	
	<u>2014</u>	<u>2013</u>
Discount rate	3.65%	4.45%
Expected return on scheme assets	5.27%	5.90%
Expected rate of salary increases	3.35%	3.55%
Future pension increases		
- LPI at 5% pa	3.05%	3.15%
- LPI at 2.5% pa	2.15%	2.15%
Inflation	3.10%	3.30%

Mortality Assumptions

At the balance sheet date, plan members were assumed to have the following life expectancies at age 60:

	<u>2014</u>	<u>2013</u>
Retiring today:		
Male pensioner now aged 60	27	27
Female pensioner now aged 60	31	31
Retiring in 20 years:		
Male non-pensioner now aged 40	29	29
Female non-pensioner now aged 40	32	32

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**18 PENSION COSTS (Continued)**

Amounts recognised in the profit and loss account in respect of the defined benefit scheme is as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Current service cost	893	956
Interest cost	4,079	3,842
Expected return on scheme assets	(5,410)	(4,548)
	<u>(438)</u>	<u>250</u>

Of the charge for the year, £1,331,000 (2013 : £706,000) has been included in interest receivable, and £893,000 (2013 : £956,000) in administrative expenses. Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The return on scheme assets was £9,414,000 (2013 : £6,709,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a deficit of £12,641,000 (2013 : deficit of £13,079,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Present value of defined benefit obligations	104,955	92,154
Less fair value of scheme assets	(100,935)	(91,878)
Deficit in scheme	<u>4,020</u>	<u>276</u>
Related deferred tax (Note 14)	<u>(804)</u>	<u>(55)</u>
Net pension liability	<u><u>3,216</u></u>	<u><u>221</u></u>

Movements in the present value of defined benefit obligations were as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 January	92,154	85,073
Service cost	893	956
Interest cost	4,079	3,842
Contributions from scheme members	30	34
Actuarial loss	10,661	5,454
Benefits paid	(2,862)	(3,205)
At 31 December	<u><u>104,955</u></u>	<u><u>92,154</u></u>

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**18 PENSION COSTS (Continued)**

Movements in the fair value of the scheme assets were as follows:

	<u>2014</u> £'000	<u>2013</u> £'000
At 1 January	91,878	85,804
Expected return on scheme assets	5,410	4,548
Actuarial gain	4,004	2,161
Contributions from the sponsoring companies	2,475	2,536
Contributions from scheme members	30	34
Benefits paid	(2,862)	(3,205)
At 31 December	<u>100,935</u>	<u>91,878</u>

	<u>Expected return</u>		<u>% of total plan assets</u>	
	2014 % pa	2013 % pa	2014 %	2013 %
Equity instruments	6.70%	7.70%	38.00%	38.00%
Property	5.70%	6.95%	26.00%	14.00%
Index linked - UK gilts	2.20%	3.20%	7.00%	7.00%
Fixed Interest - Other	3.20%	4.25%	17.00%	27.00%
Cash	2.05%	3.30%	1.00%	1.00%
Diversified growth fund	4.65%	4.65%	11.00%	13.00%

The five year history of experience adjustments is as follows:

	<u>2014</u> £'000	<u>2013</u> £'000	<u>2011</u> £'000	<u>2011</u> £'000	<u>2010</u> £'000
Fair value of scheme liabilities	104,955	92,154	85,073	80,785	69,528
Fair value of scheme assets	100,935	91,878	85,804	78,235	75,458
Experience adjustments on scheme liabilities	8	(219)	1,649	(462)	1,035
Percentage of scheme liabilities (%)	0.0%	(0.2%)	1.9%	(0.6%)	1.5%
Experience adjustments on scheme assets	4,004	2,161	3,409	(3,207)	4,649
Percentage of scheme assets (%)	4.0%	2.4%	4.0%	(4.1%)	6.2%

## UPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

#### 18 PENSION COSTS

##### UPS Shared Cost Section of the Railways Pension Scheme

The UPS Shared Cost Section is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme. The section is a shared cost arrangement whereby the Company is only responsible for a share of the cost. The figures reported below therefore represent only the Company's share of the cost, except that the tables reconciling the Section liabilities and assets from the start to the end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit.

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2014.

The assets and liabilities of the plan were transferred from Red Star Parcels Limited during the year.

##### Key assumptions used:

	Valuation at	
	2014	2013
Discount rate	3.65%	4.45%
Expected return on scheme assets	3.21%	4.34%
Expected rate of salary increases	3.35%	3.55%
Future pension increases	1.95%	2.10%
Inflation	3.10%	3.30%

##### Mortality Assumptions

At the balance sheet date, plan members were assumed to have the following life expectancies at age 65:

		2014	2013
Retiring today:			
Males:	Pension under £10,300 (2013: £9,300) pa, or pensionable pay under £35,000 (2013: £35,000) pa	21	21
	Others	23	23
Females:	Pension under £3,700 (2013: £3,300) pa, or pensionable pay under £35,000 (2013: £35,000) pa	23	23
	Others	25	25
Retiring in 20 years:			
Males:	Pension under £10,300 (2013: £9,300) pa, or pensionable pay under £35,000 (2013: £35,000) pa	23	23
	Others	26	25
Females:	Pension under £3,300 (2013: £3,700) pa, or pensionable pay under £35,000 (2013: £35,000) pa	25	25
	Others	27	27

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**18 PENSION COSTS (Continued)**

Amounts recognised in the profit and loss account in respect of the defined benefit scheme is as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Current service cost	10	10
Interest cost	490	490
Expected return on scheme assets	(820)	(650)
Loss due to effect of limit on recoverable assets	290	150
	<u>(30)</u>	<u>-</u>

The return on scheme assets was £3,580,000 (2013 : £540,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit

	<u>2014</u>	<u>2013</u>
	£'000	£'000
Present value of defined benefit obligations	19,510	18,760
Less fair value	(37,140)	(32,150)
Surplus in scheme	<u>(17,630)</u>	<u>(13,390)</u>
Adjustment for the members' share of surplus	7,050	5,360
Irrecoverable surplus	10,490	7,970
Related deferred tax (Note 14)	<u>18</u>	<u>12</u>
Net Pension Asset	<u>(72)</u>	<u>(48)</u>

Movements in the present value of defined benefit obligations were as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 January	18,760	18,310
Service cost	10	10
Interest cost	810	820
Actuarial loss	910	270
Benefits paid	(980)	(650)
At 31 December	<u>19,510</u>	<u>18,760</u>

Movements in the fair value of the scheme assets were as follows:

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 January	32,150	31,910
Expected return on scheme assets	1,370	1,080
Actuarial Gain/(Loss)	4,600	(190)
Contributions from the sponsoring companies	-	-
Benefits paid	(980)	(650)
At 31 December	<u>37,140</u>	<u>32,150</u>

**UPS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014  
(CONTINUED)**

**18 PENSION COSTS (Continued)**

	<u>Expected return</u>		<u>Value at 31 December</u>	
	2014 % pa	2013 % pa	2014 £'000	2013 £'000
Equity instruments	6.70%	7.70%	7,090	6,640
Government bonds	2.20%	3.25%	24,520	20,010
Non-Government bonds	3.20%	4.25%	5,560	5,440
Other assets	2.05%	3.30%	(30)	60

**The five year history of experience adjustments is as follows:**

	<u>2014</u> £'000	<u>2013</u> £'000	<u>2012</u> £'000	<u>2011</u> £'000	<u>2010</u> £'000
Fair value of scheme liabilities	19,510	18,760	18,310	16,370	15,640
Fair value of scheme assets	37,140	32,150	31,910	31,780	27,700
Experience adjustments on scheme liabilities	(410)	(10)	330	90	310
Percentage of scheme liabilities (%)	(2.1%)	(0.1%)	1.8%	0.5%	2.0%
Experience adjustments on scheme assets	(2,760)	110	460	(1,890)	(940)
Percentage of scheme assets (%)	(7.4%)	0.3%	1.4%	(5.9%)	(3.4%)

## UPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014 (CONTINUED)

#### 19 FINANCIAL COMMITMENTS

	<u>2014</u> £'000	<u>2013</u> £'000
<b>Capital Commitments</b>		
Authorised but not yet contracted for:	119,969	2,950
	<hr/>	<hr/>

Amounts authorised but not contracted for and not provided for in the financial statements include £118,560,000 (2013:£nil) relating to the expansion of hub facilities.

#### Operating lease commitments

At 31 December 2014 the company had financial commitments in respect of non-cancellable operating leases as follows:

	<u>Land &amp; buildings</u>		<u>Other</u>	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
<u>Payable</u>				
Payable within 1 year	9,158	8,865	609	646
Payable between years 2 to 5	26,282	23,125	380	145
Payable thereafter	3,743	10,010	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	39,183	42,000	989	791
	<hr/>	<hr/>	<hr/>	<hr/>

#### 20 CONTINGENT LIABILITIES

UPS UK Holding Limited, the parent undertaking, has entered into a Composite Accounting Agreement with its bankers whereby the company has a full right of set-off of bank balances and interest between the company and three other group companies, including UPS Ltd.

At the year end, the company has in issue 1 Bond and Guarantee in favour of HM Customs & Excise for £35,000,000. (2013: £17,500,000).

#### 21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained within FRS 8 (Related Party Transactions) which allows the company not to disclose transactions with group entities or investees of the group qualifying as related parties.

#### 22 ULTIMATE PARENT UNDERTAKING

The company is a direct subsidiary of UPS (UK Holding) Limited which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company and controlling party is United Parcel Service, Inc., incorporated in the United States of America. United Parcel Service, Inc. comprises the smallest and largest group for which consolidated accounts are prepared including the results of this company.

UPS (UK Holding) Limited has taken advantage of the exemption granted under section 401 of the Companies Act 2006 not to produce group accounts.

Copies of the financial statements for UPS (UK Holding) Limited, Registered office UPS House, Forest Road, Feltham, Middlesex, TW13 7DY, are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Copies of the financial statements for United Parcel Service, Inc. are available from UPS House, Forest Road, Feltham, Middlesex TW13 7DY.