

Registered number: 01933173

## UPS LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2022

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**UPS LIMITED**

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**UPS LIMITED**

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**Company Information**

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<b>Directors</b>	Peter Kingsley Dunstan Peter Raoul Stewardson Daniel Carrera Garcia Cosar Ufku Akaltan
<b>Company secretary</b>	Peter Kingsley Dunstan
<b>Registered number</b>	01933173
<b>Registered office</b>	2 Lotus Park The Causeway Staines-Upon-Thames Middlesex United Kingdom TW18 3AG
<b>Auditors</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
<b>Bankers</b>	HSBC plc City of London Offices 62-76 Park Street London United Kingdom SE1 9WP
<b>Solicitors</b>	Clyde & Co Beaufort House 15 St Botolph Street London United Kingdom EC3A 7AR

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**UPS LIMITED**


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**Strategic Report  
For the Year Ended 31 December 2022**


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The directors present their Strategic report for the year ended 31 December 2022.

**Principal activity**

UPS Limited (the "Company") is a leading package delivery company, its global strategy is focused on growing in the parts of the market that value our end-to-end network, including business-to-business ("B2B"), small-and medium-sized businesses ("SMBs") and large enterprise accounts. The principal activity of the Company is to provide time-definite delivery services for express letters, documents, packages and palletized freight via air and ground services. All services (air, ground, domestic, international, commercial and residential) are managed through a single, global smart logistics network. The Company combines all packages within the network, unless dictated by specific service commitments. This enables efficient pick up of customers' shipments for any services at a scheduled time each day. These services are supported by numerous shipping, visibility and billing technologies. In addition to transportation, the Company also provides logistics and customs brokerage services.

**Fair review of the business**

Turnover has decreased due to the negative macroeconomic impact seen throughout the UK in 2022. The directors expect the pace of decline to slow in 2023 as interest rates fall and the consumer shopping behaviours return to consistent levels.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£'000	1,185,214	1,238,579
Gross profit	£'000	294,791	299,082
Operating profit	£'000	98,205	91,207
Gross profit margin	%	25	24
Operating profit margin	%	8	7

**Principal risks and uncertainties**

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 principal risks and uncertainties facing the Company are:

- The Company needs to continue to compete in order to continue to grow market share in the face of strong competition;
- The Company must continue to manage its cost base and to provide quality service at a cost-effective level. The risk the Company faces is the ability of another company to offer the same quality of service for less cost. The Company continues to improve its technologies and capabilities.

To manage the above risks, the Company continues to be focused on creating innovative solutions to improve the UPS customer experience, accelerate deliveries and offer new services to meet growing and diversifying demands from customers.

**Section 172 statement**

The following statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006.

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## UPS LIMITED

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### Strategic Report (continued) For the Year Ended 31 December 2022

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#### Section 172 statement (continued)

Section 172 of the Companies Act 2006 requires a director of a company to act in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In carrying out this duty under section 172, the directors of the Company have given regard, among other things, to the following:

#### Decision making process

The directors of the Company act in good faith to ensure the continued growth, profitability and suitability of the Company. In doing so, they are required to consider the short, medium and long term positive and negative impacts of their decisions. Business strategies and decisions are subject to a rigorous review process involving various levels of employees from numerous departments. Moreover, potential legal and ethical risks which may compromise the performance of the Company are monitored and discussed in weekly senior management meetings, regular catch-up meetings and monthly risk and compliance meetings. These are reinforced by an open-door policy whereby employees are encouraged to make their manager aware of any ethical and/or legal risk.

#### Employees

The Company's directors recognise that the employees are fundamental to upholding Company's key principles of honesty, quality and integrity, as well as ensuring continued financial success. The Company continually communicates with its employees through formal and informal meetings, offline and online communication such as the weekly employee newsletter and also the pre-work communication notice (PCN) in operating facilities. Moreover, the Company adopts a "No Retaliation" Policy to ensure employees are comfortable in voicing their views and concerns without fear of reprisal. The Company also offers a 24/7 employee helpline, run by external providers, to offer employees an alternative method of voicing their views outside of normal business channels.

The Company is dedicated to investing in the growth and development of its employees through a variety of methods including continuous training and regular performance and salary reviews.

#### Environment and communities

The directors recognise the importance of community engagement and the need to make positive impact on the environment. The UPS group has committed to achieving 10 sustainability goals of which can be found in more details on the group's dedicated sustainability website - <https://sustainability.ups.com/>. In 2022, the UPS group has achieved the goal of meeting its thresholds for donations to charity. UPS is on track to achieve the remaining goals including achieving 100% carbon neutrality by 2050, and striving toward 30% women in full time management globally and 40% ethnically diverse full-time management in the United States by 2025.

#### Customers, suppliers, consultants and partners

The Company understands that its success is underpinned by a loyal customer base. As enshrined in the Company's Code of Conduct, the directors aim to secure and develop customer relationships fairly and on the basis of superior services and products and competitive prices. Directors will continually be appraised of, and involved in, customer developments and decision making.

Any decision to engage with suppliers, consultants and partners is based on a strict criterion such as qualifications, competitive pricing and reputation. The Company's Code of Conduct imparts a strict duty of disclosure on each employee to ensure any personal vested interest is disclosed prior to deciding on third party engagement. The Company continually monitors its relationships to ensure they conform to internal procedures and the relevant competition law requirements.

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**UPS LIMITED**

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**Strategic Report (continued)**  
**For the Year Ended 31 December 2022**

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**Section 172 statement (continued)**

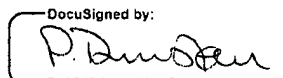
**Fair treatment of members**

The Company is wholly owned subsidiary of UPS (UK Holding) Limited. The directors ensure fairness by following all the relevant legislation and corporate policies.

**Principal decisions**

Being a part of a large multinational group of companies, the Company adheres to policies and procedures which are often set by the ultimate parent company, United Parcel Service Inc.. During the year there were no principal decisions, within the context of section 172 reporting, for the Company to disclose.

Approved by the Board on 18 December  
..... 2023 and signed on its behalf by:

DocuSigned by:  
  
71CB27C004C548E...  
Peter Kingsley Dunstan  
Company Secretary and Director

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UPS LIMITED

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**Directors' Report**  
**For the Year Ended 31 December 2022**

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The directors present their report and the financial statements for the year ended 31 December 2022.

**Directors**

The directors who held office during the year were as follows:

Peter Kingsley Dunstan (appointed 1 February 2022)  
Peter Raoul Stewardson  
Daniel Carrera Garcia  
James O'Gara (resigned 1 May 2022)  
Matthew Parkinson (resigned 1 February 2022)  
Cosar Ufku Akaltan (appointed 1 October 2023)  
Richard Stuart Fletcher (appointed 1 May 2022, resigned 1 October 2023)

**Results and dividends**

The profit for the year, after taxation, amounted to £79,034k (2021: 63,709k).

During the year, the Company has not declared or paid any dividend (2021: £4,000,000) to its parent company, UPS (UK Holding) Limited.

**Financial risk management**

***Objectives and policies***

The Company is exposed to price risks, including market, currency and interest rate risk, along with credit, liquidity, cash flow, and regulatory risk. 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 Company's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products offered.

**Foreign exchange risk**

The directors are of the view that the Company is not exposed to any significant foreign exchange risk. The majority of foreign exchange balances are settled in the currency in which they arise.

**Credit risk**

The Company is susceptible to the risk of bad debt from its trade debtors. The Company manages this risk by adhering to strict internal credit management process and procedures.

**Liquidity risk**

Management maintain liquidity by monitoring the level of payments and receipts against the level of funds held. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, cash management is a key priority.

**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.

**Political donations**

There were no political donations from the Company for the financial year end 31 December 2022 (2021:£Nil).  
There were no charitable donations for the financial year end 31 December 2022 (2021:£Nil).

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**UPS LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2022**

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**Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the 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 that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee involvement**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, online and offline communication such as the weekly employee newsletter. The enterprise's quarterly earnings updates are provided to all employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**Future developments**

The directors expect the general level of activity to remain consistent with 2022 in the forthcoming year. However, the future economic performance of the UK market may potentially affect the business.

**Stakeholder engagement**

The directors recognise the importance of clear communication and proactive engagement with their stakeholders and further detail on the engagement with stakeholders undertaken during the year appears as part of the directors section 172 Statement within the Strategic report.

**Employee engagement**

The directors recognise the importance of clear communication and proactive engagement with their employees and further detail on the engagement during the year appears as part of the directors section 172 Statement within the Strategic report.

**Statement of corporate governance arrangements**

The Company is the main UK trading company within the UPS group of companies. The principal activity of the Company is the integrated delivery of parcels across the UK and to destinations globally.

For the year ended 31 December 2022, the Company has not adopted an externally published corporate governance code. Instead, the Company follows the well-established corporate governance practices and policies determined by the UPS Group, ultimately owned by UPS Inc.. This is designed to ensure, among other things, a harmonised approach to corporate governance within and across the UPS Group.

The Company's central purpose and values are outlined on its website at About UPS | UPS - United Kingdom (<https://www.ups.com/gb/en/about.page>). These principles underpin the conduct of every director and employee within the organisation.



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**UPS LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2022**

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**Statement of corporate governance arrangements (continued)**

The Company understands the importance and benefit of having a broad range of skills, experiences and backgrounds in its teams. The board consists of directors with considerable expertise in their respective fields. Being a part of a wider, international group of companies, the size and structure of the board of directors and their knowledge, skill and experience is appropriate for the Company's strategic needs and challenges. The directors delegate responsibility for specific areas of management to a senior leadership team who are responsible for the management of their respective teams. The directors and senior management team meet frequently to report, update and monitor developments across the business, and pursuant to section 172 of the Companies Act 2006, the directors of the Company ensure that they exercise independent judgement and objectivity when making decisions, in addition to the other duties under the Companies Act 2006.

Appointments to the board and the senior management team, as with all appointments across the Company, are made in accordance with Equal Opportunities and Promotion from Within Policies. The remuneration structure is established in such a way that UPS secures and retains quality senior management who can deliver UPS' strategy in a manner consistent with both its purpose and interests of its shareholders.

The Company has in place comprehensive risk monitoring procedures which include a monthly Business Risk and Compliance meeting where any relevant issues are considered in detail and appropriate action decided upon.

The Company invests in processes to identify future business opportunities and continue to grow the business. Sustainability is a priority, with dedicated personnel within the Company and the wider group responsible for identifying future legislative, ethical and environmental changes which may impact the business and ensuring they are adapted to. The Company recognises the importance of monitoring, and minimising, its contribution to carbon emissions. At a group level, UPS voluntarily adheres to the internationally recognised Global Reporting Initiative and Sustainability Accounting Standards Board frameworks.

Stakeholder engagement is critical to the business and it is a priority for the Company to ensure strong employee engagement. The Company has in place a series of committees and structures, including the National Negotiation Committee, the Employee Forum and the European Works Council, to facilitate communication and engagement with all employees and ensure they are continually informed and consulted in respect of any developments in the business. The Company also has in place an "Open Door" Policy, a "No Retaliation" Policy and a confidential (third party operated) employee helpline.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on a going concern basis.

The directors have reviewed the unaudited post year end results and, the Company is in a net profit and asset position. The Company's performance is in line with expectation and, the directors do not foresee going concern issues.

The Company has a cash pooling agreement with UPS Global Treasury. The agreement ensures that all available cash is pooled on a daily basis to create an optimal investment mechanism. The cash pooling creates short term intercompany positions with UPS Global Treasury.

Furthermore, the directors have obtained confirmation from its ultimate parent company that it will continue to make sufficient financial resources available to the Company to enable it to continue its operating activities for a period of not less than twelve months from the date of approval of the financial statements and to enable the Company to meet its liabilities as they fall due.

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**UPS LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2022**

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**Going concern (continued)**

The ultimate parent company has also indicated that, for at least 12 months from the date of signing of the financial statements, they will not seek repayment of the intercompany amounts until the Company has generated sufficient funds from its operations after paying third party liabilities.

On this basis, the directors consider it appropriate to prepare the Company's financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

**Directors' liabilities**

The Company has made a qualifying third party indemnity provision for the benefit of its directors' which were made during the year and remain in force at the date of this report.

**Modern slavery statement**

This slavery and human trafficking statement is made pursuant to section 54 of the Modern Slavery Act 2015 (UK) for the financial year ending 31 December 2022. The statement sets out the steps the Company has taken to ensure that slavery and human trafficking are not taking place in any part of their businesses or in their supply chains.

UPS fully supports the protection and advancement of basic human rights throughout its world-wide operations and the Company is committed to UK government efforts to eliminate modern slavery (i.e., slavery, servitude, forced or compulsory labour and human trafficking) throughout global supply chains.

A common standard of labour related policies and procedures are adopted and applied across the UPS group of companies and therefore provide the focus for this statement, as set out below.

**About UPS**

The UPS group of companies are global leaders in logistics and international trade. As the largest express carrier and package delivery group in the world, UPS is also a leading provider of specialised transportation, logistics, capital, and e-commerce services.

UPS has a strong record of achievement and recognition in relation to its ethical conduct, its labour practices and to its charitable activities and contributions within the communities in which it operates. UPS has, for example, been:

- UPS was named to America's Best Employers for Diversity list by Forbes in 2023 (<https://www.forbes.com/lists/best-employers-diversity>);
- UPS was recognized by the Anthem Awards in the Diversity, Equity and Inclusion category for its Black Voices from Big Brown book in 2023 (<https://www.pr.com/press-release/880716>);
- UPS was named to Diversity First's Top 50 Companies for Diversity list in the US in 2023 ([https://world.einnews.com/pr\\_news/613525162/diversity-first-announces-2023-top-50-companies-for-diversity](https://world.einnews.com/pr_news/613525162/diversity-first-announces-2023-top-50-companies-for-diversity)) ; and
- UPS was recognized as a Best of the Decade honoree for supplier diversity by Minority Business News USA in 2023 (<https://mbnusa.biz/detail/best-of-the-decade-lauds-firms-supplier-diversity-programs>).

The UPS Foundation (<https://sustainability.ups.com/the-ups-foundation/>) leads UPS's global citizenship efforts and philanthropy with a mission to help build stronger, safer, and more resilient communities around the world. The UPS Foundation's philanthropic approach centres on four focus areas that reflect the Foundation's mission and UPS corporate values and expertise: Health and Humanitarian Relief, Equity and Economic Empowerment, Local Community Engagement and Planet Protection.

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UPS LIMITED

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Directors' Report (continued)  
For the Year Ended 31 December 2022

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**Modern slavery statement (continued)**

**Our supply chains**

UPS's supply chains are complex and global, with UPS managing the flow of goods, funds and information in more than 220 countries and territories worldwide and on a daily basis.

UPS relies on a global network of employees, agents, local business partners, and suppliers. The group employs approximately 500,000 individuals worldwide.

**Relevant policies**

UPS Anti-Trafficking in Persons Policy (<https://about.ups.com/content/dam/upsstories/assets/governance/UPS-Anti-Trafficking-In-Persons-Policy.pdf>) strongly condemns trafficking and strictly prohibits the use of any of its assets or resources for any purpose that would enable the trafficking of persons, including forced labour, debt bondage, involuntary servitude, sex trafficking or commercial sex acts. This policy governs the UPS enterprise as a whole, including its employees, suppliers, consultants, third party representatives and subcontractors. Additionally, our recruiting and hiring activities must not knowingly include misleading or fraudulent practices, charge employees recruitment fees, or use recruiters or recruiting companies that do not comply with local labour laws or do not pay wages that meet the host-country's legal requirements.

UPS Human Rights Statement (<https://about.ups.com/content/dam/upsstories/assets/governance/UPS-Human-Rights-Statement-05102021.pdf>) supports the principles articulated in the United Nations Guiding Principles on Business and Human Rights and commits to respecting all human rights articulated in the United Nations Universal Declaration of Human Rights. UPS believes that all people have a human right to be treated with dignity and without discrimination, whatever their nationality, place of residence, gender, national or ethnic origin, color, religion, language or any other status. UPS manages its business based on this belief and expects those with whom it does business to do the same. UPS is taking an integrated approach to diversity, equity and inclusion across its stakeholder groups of employees, customers, suppliers and communities embracing the dynamics of different backgrounds, experiences and perspectives (<https://about.ups.com/gb/en/social-impact/diversity-equity-and-inclusion.html>).

UPS has in place a Code of Business Conduct ([https://about.ups.com/content/dam/upsstories/assets/supplier-documents/code-of-business-conduct/code\\_bus\\_conduct.pdf](https://about.ups.com/content/dam/upsstories/assets/supplier-documents/code-of-business-conduct/code_bus_conduct.pdf)) that applies to all employees, agents and third party representatives of UPS. The Code provides information about UPS standards of integrity and explains its legal and ethical responsibilities. It requires, among other things, compliance with national and local laws and the reporting of any violations of such laws and UPS business standards. The Code includes recognition of basic human rights, such as equality among people, employee well-being and security, personal freedom from persecution, and economic, social and cultural freedom.

**Next steps**

The UPS group of companies remain focused on maintaining the highest standards of ethical and business integrity across their businesses and supply chains. Anytime, UPS is committed to ensuring that its policies and procedures are fit-for-purpose to address the risk of modern slavery occurring in our businesses and supply chains.

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**UPS LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2022**

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**Energy and carbon reporting**

This report is provided to summarise the with the companies environmental reporting in accordance with the UK government's policy on Streamlined Energy and Carbon Reporting. The Company's SECR disclosure presents the carbon footprint, together with appropriate intensity metric and total use of electricity, gas and transport fuels.

<b>SECR INVENTORY</b>	<b>For the year ended 2022</b>	<b>For the year ended 2021</b>
Energy consumption used to calculate tCO <sub>2</sub> e./kWh	1,137,268,050.00	1,059,691,919.00
Scope 1: Emissions from Gas & Transport tCO <sub>2</sub> e	289,626.00	270,337.00
Scope 2: Emissions from purchased electricity tCO <sub>2</sub> e (location-based)	3,887.00	5,113.00
Scope 3: Emissions from Business travel in rental cars or employee-owned vehicles tCO <sub>2</sub> e	94.00	135.00
<b>Total tCO<sub>2</sub>e based on above</b>	<b>293,606.00</b>	<b>275,585.00</b>
<b>Intensity Ratio</b>	<b>247.77</b>	<b>222.50</b>
<b>Values to calc. Intensity Metric</b>		
1) Sales Turnover £000,000	1,185.00	1,238.58

**Methodology**

The UK governments Condensed Greenhouse Gas Conversion factors for 2021 have been applied to calculate the carbon emissions to the following reporting standards:

- The Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004).
- The Greenhouse Gas Protocol - Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI 2015). Application of location-based and market-based emission factors for electricity supplies.
- The Greenhouse Gas Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011).
- Where data was missing, values were estimated using an extrapolation of available data.

An operational control approach has been used to define the Company's organisational boundary. This is the basis for determining Scope 1 and Scope 2 emissions for which the Company is responsible. Scope 3 includes employee travel in staff owned vehicles and rental cars.

**Energy efficiency actions taken**

The Company aims to reduce over the coming years both its energy use and carbon emissions. UPS Limited has taken a number of steps to improve energy efficiency, which include; using biofuels and replacement of fluorescent tubing with automated LED fittings. Further two new facilities were opened with latest energy efficient heating and lighting.

**Events after the financial reporting date**

Post the year end, the Company has paid an interim dividend amounting to £179,000,000 (2022: £nil) to UPS (UK Holding) Limited. There have been no other events after the reporting period, either adjusting or non-adjusting.

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UPS LIMITED

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Directors' Report (continued)  
For the Year Ended 31 December 2022

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**Disclosure of information to the auditors**

The directors in office at the date of this Annual Report have each confirmed that:

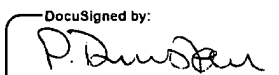
- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte Ireland LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 18 December 2023 and signed on its behalf by:

DocuSigned by:  
  
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Peter Kingsley Dunstan  
Company Secretary and Director

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UPS LIMITED

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**Statement of Directors Responsibilities  
For the Year Ended 31 December 2022**

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The directors acknowledge their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and regulations.

UK 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, comprising FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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.

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

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of UPS Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 29, including a summary of the significant accounting policies set out in note 2.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including "Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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.

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

#### Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Continued on next page/

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

### Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

### Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, environmental regulations, and the company's operating licence requirements.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Continued on next page/



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

### Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate a risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

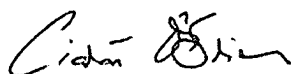
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### Use of our report

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.



Ciaran O'Brien (Senior Statutory Auditor)  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2  
Ireland

19 December 2023

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**UPS LIMITED**

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**Profit and Loss Account  
For the Year Ended 31 December 2022**

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	Notes	2022 £000	2021 £000
Turnover	4	1,185,214	1,238,579
Cost of sales		(890,423)	(939,497)
<b>Gross profit</b>		<u>294,791</u>	<u>299,082</u>
Administrative expenses		(197,327)	(209,564)
Other operating income	5	741	1,689
<b>Operating profit</b>	6	<u>98,205</u>	<u>91,207</u>
Other interest receivable and similar income	7	1,302	17
Interest payable and similar expenses	8	(167)	(20)
<b>Profit before tax</b>		<u>99,340</u>	<u>91,204</u>
Taxation	12	(20,306)	(27,495)
<b>Profit for the financial year</b>		<u><u>79,034</u></u>	<u><u>63,709</u></u>

The above results were derived from continuing operations.

The notes on pages 20 to 47 form an integral part of these financial statements.

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UPS LIMITED

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**Statement of Comprehensive Income  
For the Year Ended 31 December 2022**

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	Notes	2022 £000	2021 £000
Profit for the year		79,034	63,709
Remeasurement gain on defined pension schemes before tax	20	41,090	54,578
Deferred tax effect	12	(10,273)	(9,427)
<b>Total comprehensive income for the year</b>		<b>109,851</b>	<b>108,860</b>

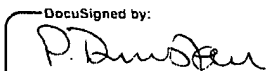
The notes on pages 20 to 47 form an integral part of these financial statements.

**UPS LIMITED**  
Registered number:01933173

**Balance Sheet**  
**As at 31 December 2022**

	Notes	2022 £000	2021 £000
<b>Non current assets</b>			
Tangible assets	13	379,974	387,528
Investments	14	42,793	42,793
		<u>422,767</u>	<u>430,321</u>
<b>Current assets</b>			
Inventories	15	3,373	3,387
Debtors	16	636,057	496,123
Cash and cash equivalents	17	578	1,009
		<u>640,008</u>	<u>500,519</u>
Creditors: Amounts falling due within one year	18	(393,851)	(334,475)
<b>Net current assets</b>		<u>246,157</u>	<u>166,044</u>
<b>Total assets less current liabilities</b>		<u>668,924</u>	<u>596,365</u>
Provision for liabilities	19	(15,999)	(13,301)
<b>Net assets excluding pension asset</b>		<u>652,925</u>	<u>583,064</u>
Pension asset	20	92,806	52,816
<b>Net assets</b>		<u><u>745,731</u></u>	<u><u>635,880</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	2	2
Share premium reserve	22	196,952	196,952
Other reserves	22	(72,263)	(72,263)
Profit and loss account	22	621,040	511,189
<b>Total equity</b>		<u><u>745,731</u></u>	<u><u>635,880</u></u>

Approved and authorised by the Board on 18 December 2023 and signed on its behalf by:

DocuSigned by:  
  
 71CB27C004C548E...  
 Peter Kingsley Dunstan  
 Company Secretary and Director

The notes on pages 20 to 47 form an integral part of these financial statements.

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**UPS LIMITED**

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**Statement of Changes in Equity  
For the Year Ended 31 December 2022**

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	<b>Called up share capital £000</b>	<b>Share premium reserve £000</b>	<b>Other reserves* £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2021</b>	2	196,952	(72,263)	406,329	531,020
Profit for the year	-	-	-	63,709	63,709
Other comprehensive income	-	-	-	45,151	45,151
<b>Total comprehensive income</b>	-	-	-	108,860	108,860
Dividends	-	-	-	(4,000)	(4,000)
<b>At 31 December 2021 and At 1 January 2022</b>	2	196,952	(72,263)	511,189	635,880
Profit for the year	-	-	-	79,034	79,034
Other comprehensive income	-	-	-	30,817	30,817
<b>Total comprehensive income</b>	-	-	-	109,851	109,851
<b>At 31 December 2022</b>	2	196,952	(72,263)	621,040	745,731

\*Refer note 22

The notes on pages 20 to 47 form an integral part of these financial statements.

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**UPS LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2022**

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**1. General information**

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The address of its registered office is:

2 Lotus Park  
The Causeway  
Staines-Upon-Thames  
Middlesex  
United Kingdom  
TW18 3AG

**2. Accounting principles and policies**

**2.1 Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**2.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be Pound Sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The level of rounding is to the nearest thousand ('000) unless otherwise stated.

Critical accounting judgements and key sources of estimation uncertainty are disclosed in Note 3.

**2.3 Summary of disclosure exemptions**

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent. Exemptions have been taken in these separate Company financial statements in relation to intragroup transactions, financial instruments, presentation of a cash flow statement, remuneration of key management personnel and share-based payments.

The Company is exempt from preparing consolidated financial statements by virtue of Section 401 of the Companies Act 2006, as disclosed in Note 14.

**2.4 Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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**2. Accounting principles and policies (continued)**

**2.4 Going concern (continued)**

The directors have reviewed the unaudited post year end results and, the Company is in a net profit and asset position. The Company's performance is in line with expectation and, the directors do not foresee going concern issues.

The Company has a cash pooling agreement with UPS Global Treasury. The agreement ensures that all available cash is pooled on a daily basis to create an optimal investment mechanism. The cash pooling creates short term intercompany positions with UPS Global Treasury.

Furthermore, the directors have obtained confirmation from its ultimate parent company that it will continue to make sufficient financial resources available to the Company to enable it to continue its operating activities for a period of not less than twelve months from the date of approval of the financial statements and to enable the Company to meet its liabilities as they fall due.

The ultimate parent company has also indicated that, for at least 12 months from the date of signing of the financial statements, they will not seek repayment of the intercompany amounts until the Company has generated sufficient funds from its operations after paying third party liabilities.

On this basis, the directors consider it appropriate to prepare the Company's financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

**2.5 Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.6 Third party and employer liability claims provision and related recoveries**

A provision is made at the year end for the estimated costs of claims incurred but not settled at the Balance Sheet date, including the cost of claims incurred but not yet reported ("IBNR") to the Company.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that that final outcome will prove to be different from the original liability established.

**2.7 Turnover**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of business. The Company recognises Turnover at the point in time, which represents invoiced value of services rendered during the year, net of discounts. Logistics turnover is recognised upon dispatch of the shipment received from the customer; air freight forwarding turnover is recognised upon the delivery of freight to the destination or to the air carrier and turnover from other services is recognised when the services are rendered. Turnover is recognised in the financial statements to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022**

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**2. Accounting principles and policies (continued)**

**2.8 Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**2.9 Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

**2.10 Tangible assets**

Tangible assets are stated in the Balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

**2.11 Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land	Nil
Buildings	Straight line: 20 - 40 years
Leasehold improvements	Over the term of the lease
Other property, plant and equipment	Straight line: 3 - 11 years

No depreciation was charged in the year for properties under construction as, at the Balance Sheet date, these were not yet complete and ready for use.



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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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**2. Accounting principles and policies (continued)**

**2.12 Investments**

Interests in subsidiaries are stated in the Balance sheet at cost less provisions for impairment.

**2.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**2.14 Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

**2.15 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the Profit and loss account.

**2.16 Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**2.17 Provisions**

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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**2. Accounting principles and policies (continued)**

**2.18 Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**2.19 Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

**2.20 Leases**

Rentals payable under operating leases are charged to the Profit and loss account on a straight-line basis over the life of the lease.

**2.21 Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions, even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Contributions to defined contribution plans are recognised as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**2.22 Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the Balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

A surplus is recognised only to the extent it will reduce future contributions by the Company or, in a wind up of the scheme, the Company is entitled to the surplus as set out in the trust deeds.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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**2. Accounting principles and policies (continued)**

**2.23 Share-based payments**

The ultimate parent company, UPS Inc., operates a Compensation Plan that permits the grant of non-qualified and incentive share options to eligible employees. Awards are electable in the form of cash or unrestricted shares of Class A common stock of UPS Inc., and are fully vested at the time of grant. A provision is recognised in the financial statements at the year end. The election window closes the following March, and where awards are issued in the form of shares, the Company settles the liability with UPS Inc..

**3. Critical accounting judgements and key sources of estimation uncertainty**

**Judgements**

In preparing the financial statements, management is required to make judgements about when or how items should be recognised in the financial statements and estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates.

The following are considered to be the critical accounting judgements and key sources of estimation uncertainty:

**Retirement benefit obligations**

The Company's total obligation in respect of defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company. Further details are set out in Note 20.

**Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets.

The useful economic lives are reviewed annually and amended when necessary based on future investments, economic utilisation and the physical condition of the assets.

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**4. Turnover**

The analysis of the Company's turnover for the year from continuing operations is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Rendering of services	1,185,214	1,238,579
	<u>1,185,214</u>	<u>1,238,579</u>

The analysis of the Company's turnover for the year by geographical location is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	385,614	401,634
Europe	483,450	508,854
Rest of the world	316,150	328,091
	<u>1,185,214</u>	<u>1,238,579</u>

**5. Other operating income**

The analysis of the Company's other operating income for the year is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Miscellaneous other operating income	741	1,689
	<u>741</u>	<u>1,689</u>

Other operating income comprises of research and development credits granted by HMRC.

**6. Operating profit**

Arrived at after (crediting)/charging:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Depreciation expense	28,610	26,198
Foreign exchange (gains)/losses	(1,867)	294
Loss on disposal of tangible assets	311	213
	<u>28,054</u>	<u>26,705</u>

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**7. Other interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Other finance income	1,302	17

The above interest is received on cash pooling arrangement within the group.

**8. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest expense on other finance liabilities	167	20

**9. Employees**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	232,547	244,761
Social security costs	23,244	23,318
Pension costs, defined contribution scheme	22,874	23,227
	<u>278,645</u>	<u>291,306</u>

The average number of persons employed by Company (including directors) during the year, analysed by category was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Administration and support	3,677	4,237
Direct employees	941	1,178
Drivers	3,273	3,698
Management	347	342
Others	133	119
	<u>8,371</u>	<u>9,574</u>

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**10. Directors' remuneration**

The Directors' remuneration for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	728	435
Social security costs	389	371
Pension costs	86	105
Long term incentive	236	893
	<u>1,439</u>	<u>1,804</u>

In respect of the highest paid Director:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	337	198
Social security costs	80	210
Pension costs	19	68
Long term incentive	76	378
	<u>512</u>	<u>854</u>

**11. Auditors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Audit of the financial statements	<u>205</u>	<u>148</u>

There have been no non-audit fees incurred by the Company during the year (2021: £Nil).

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022**

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**12. Taxation**

Tax charged in the profit and loss account

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Current taxation</b>		
UK corporation tax	20,931	20,345
UK corporation tax adjustment to prior periods	(1,993)	(1,244)
<b>Total current tax</b>	<u>18,938</u>	<u>19,101</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	39	(1,136)
Adjustment in respect of prior periods	1,289	1,097
Effect of changes in tax rates	40	8,433
<b>Total deferred taxation</b>	<u>1,368</u>	<u>8,394</u>
<b>Total tax charge for the year</b>	<u>20,306</u>	<u>27,495</u>

**Factors affecting tax charge for the year**

The tax on profit before tax for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%)

The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<u>99,340</u>	<u>91,204</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	18,875	17,329
Effect of changes in tax rates	40	8,433
Adjustment in respect of prior periods	(704)	(147)
Expenses not deductible	2,095	2,201
Income not taxable	-	(321)
<b>Total tax charge for the year</b>	<u>20,306</u>	<u>27,495</u>

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**12. Taxation (continued)****Deferred tax****2022**

	<b>Asset/(Liability)</b> <b>£000</b>
Accelerated tax depreciation	(17,217)
Other timing differences	1,142
Deferred tax on pension	(23,201)
Rolled over gain	(1,556)
	<u>(40,832)</u>

**2021**

	<b>Asset/(Liability)</b> <b>£000</b>
Accelerated tax depreciation	(16,450)
Other timing differences	2,019
Deferred tax on pension	(13,204)
Rolled over gain	(1,556)
	<u>(29,191)</u>

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021 and hence have been reflected in the measurement of deferred tax balances at 31 December 2022.

**Deferred tax liability**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
At beginning of financial year	(29,191)	(11,369)
Profit and loss account	(79)	(7,297)
Other comprehensive income	(10,273)	(9,427)
Adjustment in respect of prior years	(1,289)	(1,097)
Other adjustment	-	(1)
<b>Closing (liability)</b>	<u><u>(40,832)</u></u>	<u><u>(29,191)</u></u>



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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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13. Tangible assets

	Land and buildings £000	Properties under construction £000	Other property, plant and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2022	243,794	5,142	342,606	591,542
Additions	1,199	14,371	6,199	21,769
Disposals	(4,169)	-	(19,572)	(23,741)
Reclassifications	288	(1,950)	1,662	-
At 31 December 2022	241,112	17,563	330,895	589,570
<b>Depreciation</b>				
At 1 January 2022	33,611	-	170,403	204,014
Charge for the year	4,930	-	23,680	28,610
Eliminated on disposal	(4,131)	-	(18,897)	(23,028)
At 31 December 2022	34,410	-	175,186	209,596
<b>Carrying amount</b>				
At 31 December 2022	206,702	17,563	155,709	379,974
At 31 December 2021	210,183	5,142	172,203	387,528

Included within the net book value of land and buildings above is £160,997,195 (2021: £164,915,627) in respect of freehold land and buildings and £2,770,757 (2021: £3,159,569) in respect of long leasehold land and buildings.

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**14. Investments**

	Investments in subsidiary companies £000	Total £000
<b>Cost</b>		
At 1 January 2022	42,793	42,793
Additions	-	-
At 31 December 2022	42,793	42,793
<b>Carrying value</b>		
At 31 December 2022	42,793	42,793
At 31 December 2021	42,793	42,793

**Details of undertakings**

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
UPS SGP Limited	Guernsey, Great Britain	Ordinary shares	100%	100%
UPS Pension Trustees Limited	United Kingdom	Ordinary shares	100%	100%

The principal activity of UPS SGP Limited is Property Development.

The Company is a wholly owned subsidiary of UPS (UK Holding) Limited and of its ultimate parent company United Parcel Service Inc. (UPS Inc). It is included in the consolidated financial statements of UPS Inc. which are publicly available. The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022**

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**15. Inventories**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	3,373	3,387
	<u>3,373</u>	<u>3,387</u>

**16. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	263,371	247,440
Amounts owed by related parties (note 25)	336,672	244,642
Other debtors	33,947	356
Prepayments	2,067	1,996
Research and development tax credit	-	1,689
	<u>636,057</u>	<u>496,123</u>

Included in the other debtors balance is a custom and duties taxes receivable balance from HMRC amounting to £29,500k.

Amounts owed by related parties are interest free and repayable on demand.

**17. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank	578	1,009
	<u>578</u>	<u>1,009</u>

The Company has a cash pooling agreement with UPS Global Treasury Plc, whose business is to invest in short-term securities, lending to subsidiaries of ultimate parent company. The agreement ensures that all available cash is pooled on a daily basis to create an optimal investment mechanism. The cash pooling creates short term intercompany positions with UPS Global Treasury.

## UPS LIMITED

Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

## 18. Creditors

	2022 £000	2021 £000
Trade creditors	25,446	29,324
Amounts due to related parties (note 25)	218,874	175,324
Social security and other taxes	58,499	48,319
Deferred tax liability (note 12)	40,832	29,191
Corporation tax liability (note 12)	18,085	22,525
Other creditors	2,528	2,497
Accruals	29,587	27,295
	<u>393,851</u>	<u>334,475</u>

Amounts due to related parties are interest free and repayable on demand.

## 19. Provisions for liabilities

	Provision dilapidations £000	Third party and employer liability claims provision £000	Total £000
At 1 January 2022	6,667	6,634	13,301
Provisions created during the year	1,963	735	2,698
<b>At 31 December 2022</b>	<u>8,630</u>	<u>7,369</u>	<u>15,999</u>

Provision for dilapidations:

The Company occupies a number of buildings under operating leases. The dilapidation provision relates to buildings works that will be required to meet the Company's obligations to restore the buildings under the lease agreement.

Third party and employer liability claims provision and related recoveries:

A provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Company. The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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**UPS LIMITED**


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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**


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**19. Provisions for liabilities (continued)**

## Third party and employer liability claims provision and related recoveries (continued)

In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, including statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may cause distortion in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including, for example, changes in Company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, changes in the legal environment, the effect of inflation, changes in mix of claims and the impact of large losses.

In estimating the cost of claims notified but outstanding, the Company has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the Company, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is, therefore, high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries are recognised where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time.

**20. Pension and other schemes**

	<b>UPS £000</b>	<b>Lynx £000</b>	<b>Railway £000</b>	<b>Total £000</b>
<b>2022</b>				
Opening asset	12,296	40,330	190	52,816
Statement of comprehensive income credit/(charge)	35,350	5,800	(60)	41,090
Profit and loss charge	(3,257)	(666)	(60)	(3,983)
Employer contributions	2,122	761	-	2,883
<b>Closing asset</b>	<b>46,511</b>	<b>46,225</b>	<b>70</b>	<b>92,806</b>

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**20. Pension and other schemes (continued)**

	UPS £000	Lynx £000	Railway £000	Total £000
<b>2021</b>				
Opening (liability)/asset	(19,591)	19,723	210	342
Statement of comprehensive income credit	33,686	20,872	20	54,578
Profit and loss charge	(3,876)	(1,147)	(40)	(5,063)
Employer contributions	2,077	882	-	2,959
<b>Closing asset</b>	<u>12,296</u>	<u>40,330</u>	<u>190</u>	<u>52,816</u>

Net Pension asset has been recognized as a plan asset to the extent that it is able to recover the surplus through reduced contributions in the future.

**Defined benefit pension schemes****UPS**

The Company operates in a defined benefit ("DB") scheme for qualifying employees in UPS Limited. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2022 by Mr David Broadbent FIA, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method.

The Plan is governed by Trustees, who are responsible for ensuring that there are sufficient funds to meet current and future obligations. The contributions payable into the Plan are determined by the Trustees after obtaining agreement from the Company, and after obtaining the advice of the Actuary at each formal triennial actuarial valuation. At the last triennial funding valuation, the Company agreed to pay regular contributions into the Plan based on a percentage of active employees' salaries. The Plan's assets are held in a separate fund from the Company's assets.

The valuation used has been based on the most recent formal actuarial valuation at 31 March 2021 and was updated by Buck to take account of the requirements of FRS 102 and the assumptions set out below in order to assess the liabilities of the schemes at 31 December 2022. Plan assets are stated at their fair values at the respective Balance sheet dates.

The total cost relating to defined benefit scheme (UPS scheme) for the year recognised in profit or loss as an expense was £3,257,000 (2021: £3,876,000).

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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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## 20. Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## UPS (continued)

*Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the Balance sheet are as follows:

	2022 £000	2021 £000
Fair value of scheme assets	210,254	286,184
Present value of defined benefit obligation	(163,743)	(273,888)
	<hr/>	<hr/>
	46,511	12,296
Deferred tax liability	(11,628)	(3,074)
Defined benefit pension scheme surplus	<hr/> 34,883 <hr/>	<hr/> 9,222 <hr/>

*Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2022 £000
Present value at start of year	273,888
Current employer service cost	3,384
Interest cost	2,573
Actuarial gains	(110,070)
Benefits paid	(6,102)
Contribution by plan participants	70
	<hr/>
Present value at end of year	<hr/> 163,743 <hr/>

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**20. Pension and other schemes (continued)**

**Defined benefit pension schemes (continued)**

**UPS (continued)**

***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

	<b>2022</b>
	<b>£000</b>
Fair value at start of year	286,184
Interest income	2,700
Return on plan assets, excluding amounts included in interest income	(74,720)
Employer contributions	2,122
Contributions by scheme participants	70
Benefits paid	(6,102)
	<hr/>
<b>Fair value at end of year</b>	<b>210,254</b>
	<hr/>

***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash and net current assets	26,055	37,863
Equities	22,136	99,032
Property	58,361	68,992
Direct infrastructure	12,414	11,580
Direct lending	13,464	12,007
Absolute return bonds	16,461	7,190
Liability driven investment	60,683	48,801
UPS Tier 1 fund value	680	719
	<hr/>	<hr/>
	<b>210,254</b>	<b>286,184</b>
	<hr/>	<hr/>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.



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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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## 20. Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## UPS (continued)

*Principal actuarial assumptions*

The principal actuarial assumptions at the Balance sheet date are as follows:

	2022	2021
	%	%
Discount rate	4.80%	1.80%
Pension increase	3.00%	3.10%
Salary increase	3.25%	3.50%
Inflation (RPI)	3.00%	3.25%
Inflation (CPI)	2.70%	2.95%

*Post retirement mortality assumptions*

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	21.9	21.8
Current UK pensioners at retirement age - female	24.5	24.4
Future UK pensioners at retirement age - male	23.5	23.5
Future UK pensioners at retirement age - female	25.9	25.9

**Lynx**

The Company operates in a defined benefit scheme for qualifying employees in UPS Limited. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2022 by Mr David Broadbent FIA, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method. The plan is now closed.

The Plan is governed by Trustees, who are responsible for ensuring that there are sufficient funds to meet current and future obligations. The contributions payable into the Plan are determined by the Trustees after obtaining agreement from the Company, and after obtaining the advice of the Actuary at each formal triennial actuarial valuation. At the last triennial funding valuation, the Company agreed to pay regular contributions into the Plan based on a percentage of active employees' salaries. The Plan's assets are held in a separate fund from the Company's assets.

The valuation used has been based on the most recent formal actuarial valuation at 31 March 2021 and was updated by Buck to take account of the requirements of FRS 102 and the assumptions set out below in order to assess the liabilities of the schemes at 31 December 2022. Plan assets are stated at their fair values at the respective Balance sheet dates.

The total cost relating to defined benefit scheme (Lynx scheme) for the year recognised in profit or loss as an expense was £666,000 (2021: £1,147,000).

## UPS LIMITED

Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

## 20. Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## Lynx (continued)

*Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	2022 £000	2021 £000
Fair value of scheme assets	152,711	197,327
Present value of defined benefit obligation	(106,486)	(156,997)
	46,225	40,330
Deferred tax liability	(11,556)	(10,083)
Defined benefit pension scheme surplus	34,669	30,247

*Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2022 £000
Present value at start of year	156,997
Current employer service cost	1,053
Interest cost	1,467
Actuarial losses	(47,827)
Benefits paid	(5,218)
Contribution by plan participants	14
<b>Present value at end of year</b>	<b>106,486</b>

There have been no plan amendments, curtailments or settlements over the year.

Under UK legislation, the Tier 1 members are subject to a guaranteed minimum pension which is defined relative to years of service and pension amount. Consequently, these members effectively have a DB pension subject to a minimum of the assets held on a DC basis and the Lynx section of the Plan has always been liable for the excess of the DB pension over the DC assets.

## UPS LIMITED

Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

## 20. Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## Lynx (continued)

*Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2022 £000
Fair value at start of year	197,327
Interest income	1,854
Return on plan assets, excluding amounts included in interest income	(42,027)
Employer contributions	761
Contributions by plan participants	14
Benefits paid	(5,218)
	<u>152,711</u>
<b>Fair value at end of year</b>	<b>152,711</b>

*Analysis of assets*

The major categories of scheme assets are as follows:

	2022 £000	2021 £000
Cash and net current assets	19,910	22,995
Equities	7,898	70,758
Other assets	20,058	12,447
Index-linked gilts	41,782	-
Property	-	40,118
UK corporate bonds	48,221	15,418
Direct infrastructure	8,147	7,601
Liability driven investments	7,375	28,709
UPS Tier 1 fund value	(680)	(719)
	<u>152,711</u>	<u>197,327</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022**

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**20. Pension and other schemes (continued)**

**Defined benefit pension schemes (continued)**

**Lynx (continued)**

***Principal actuarial assumptions***

The principal actuarial assumptions at the Balance sheet date are as follows:

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Discount rate	4.80%	1.80%
Pension increases	3.00%	3.25%
Salary Increases	3.25%	3.50%
Inflation (CPI)	2.70%	2.95%

**Post retirement mortality assumptions**

	<b>2022</b>	<b>2021</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	21.9	21.8
Current UK pensioners at retirement age - female	24.5	24.4
Future UK pensioners at retirement age - male	23.5	23.5
Future UK pensioners at retirement age - female	25.9	25.9

**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.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2022 by Mr Paul Whelan, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method.

The valuation used has been based on the most recent formal actuarial valuation at 31 December 2019 and was updated to take account of the requirements of FRS 102 and the assumptions set out below in order to assess the liabilities of the schemes at 31 December 2022. Plan assets are stated at their fair values at the respective Balance sheet dates.

The total cost relating to defined benefit scheme (Railway scheme) for the year recognised in profit or loss as an expense was £60,000 (2021: £40,000).

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UPS LIMITED

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Notes to the Financial Statements (continued)  
For the Year Ended 31 December 2022

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## 20. Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## Railway pension scheme (continued)

*Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the Balance sheet are as follows:

	2022 £000	2021 £000
Fair value of scheme assets	28,590	39,220
Present value of defined benefit obligation	(18,310)	(25,930)
	<hr/>	<hr/>
	10,280	13,290
Members share of surplus	(4,110)	(5,320)
Effect of asset ceiling	(6,100)	(7,780)
	<hr/>	<hr/>
	70	190
Deferred tax liability	(17)	(47)
Defined benefit pension scheme surplus	<hr/>	<hr/>
	53	143
	<hr/>	<hr/>

*Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2022 £000
Present value at start of year	25,930
Current service cost	20
Interest cost	240
Actuarial gains	(7,140)
Benefits paid	(740)
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Present value at end of year	18,310
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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**20. Pension and other schemes (continued)****Defined benefit pension schemes (continued)****Railway pension scheme (continued)*****Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

	<b>2022</b>
	<b>£000</b>
Fair value at start of year	39,220
Interest income	370
Return on plan assets, excluding amounts included in interest income	(10,180)
Benefits paid	(740)
Administration cost	(80)
	<hr/>
<b>Fair value at end of year</b>	<b>28,590</b>
	<hr/>

***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Equities	1,970	3,060
Government bonds	8,750	10,840
Annuities	17,800	25,160
Other assets	70	160
	<hr/>	<hr/>
	<b>28,590</b>	<b>39,220</b>
	<hr/>	<hr/>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

***Principal actuarial assumptions***

The principal actuarial assumptions at the Balance sheet date are as follows:

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Discount rate	4.85	1.80
Future salary increases	3.15	3.85
Future pension increases	3.05	3.15
Inflation (RPI)	2.95	3.65

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**20. Pension and other schemes (continued)****Defined benefit pension schemes (continued)****Railway pension scheme (continued)**

## Post retirement mortality assumptions

	<b>2022</b>	<b>2021</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	20.7	20.6
Current UK pensioners at retirement age - female	22.4	22.3
Future UK pensioners at retirement age - male	22.0	22.0
Future UK pensioners at retirement age - female	24.1	24.0

**21. Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
2,004 (2021: 2,004) Ordinary shares shares of £1.00 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

**22. Reserves****Share premium reserve**

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

**Other reserves**

Other reserves comprise of group reserves arising on acquisition of Lynx Express in 2008.

**Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

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**UPS LIMITED**

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**22. Reserves (continued)****Profit and loss account (continued)**

	<b>£000</b>
Remeasurement loss on defined benefit pension schemes (net of the effect of deferred tax)	30,817
	<u>30,817</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	<b>£000</b>
Remeasurement gain on defined benefit pension schemes (net of the effect of deferred tax)	45,151
	<u>45,151</u>

**23. Operating lease commitments**

The Company had the following future minimum lease payments under operating leases:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Within one year	13,611	11,269
Between one and five years	43,857	36,003
After five years	146,767	142,692
	<u>204,235</u>	<u>189,964</u>

**24. Contingent liabilities**

At 31 December 2022, the Company has in issue Bond and Guarantees in favour of HM Customs and Excise and HMRC Central Deferment Office for £8,600,000 (2021: £8,600,000) and £258,000 (2021: £nil) respectively.



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UPS LIMITED

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**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 December 2022**

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**25. Related party transactions**

*Group membership and related party transactions*

The Company, which is incorporated in the United Kingdom, is a wholly owned subsidiary of UPS (UK Holding) Limited, the ultimate holding company of which is United Parcel Service International Inc.

The smallest and largest group in which these financial statements are consolidated is United Parcel Service of America, Inc., incorporated in the United States of America. The address of United Parcel Service of America, Inc. is 55 Glenlake Parkway, NE, Atlanta G A 30328, United States of America.

In common with other companies which are members of a group of companies, the financial statements reflect the effect of such membership. The Company has availed of the exemption granted in Section 33 of FRS 102, "Related Party Disclosures" for subsidiary undertakings, 100% of whose voting rights are controlled within the group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

**26. Parent and ultimate parent undertaking**

The Company's immediate parent is UPS (UK Holding) Limited, incorporated in the United Kingdom.

The ultimate parent and ultimate controlling party is United Parcel Service, Inc., incorporated in United States of America.

**27. Events after the financial reporting date**

Post the year end, the Company has paid an interim dividend amounting to £179,000,000 (2022: £nil) to UPS (UK Holding) Limited. There have been no other events after the reporting period, either adjusting or non-adjusting.

**28. Comparative figures**

Certain comparative information has been reclassified to conform to the presentation adopted in these financial statements.

**29. Approval of the financial statements**

These financial statements were approved by the directors on 18 Dec. 2023.