Deutsche Post Global Mail (UK) Limited

Annual report and financial statements

for the year ended 31 December 2015

Registered number: 02104109

Deutsche Post Global Mail (UK) Limited

Annual report for the year ended 31 December 2015

Contents

Deutsche Post Global Mail (UK) Limited

Directors and advisers

Directors
B Staffa
O Sukowski
A Cooper
M Villberg

Registered number - 2104109

Registered office
Ocean House
The Ring
Bracknell,
Berkshire
United Kingdom
RG12 1AN

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 St James Court
Whitefriars
Norwich
NR3 1RJ

Deutsche Post Global Mail (UK) Limited

Strategic report for the year ended 31 December 2015

The directors present their strategic report for the period ended 31 December 2015.

Principal activity and business review

The principal activity of the company is the provision of international mail and parcel distribution.

The directors are pleased with the development of the business and are very optimistic about the company's future prospects. Revenue has grown by 49% despite the declining mail market as the company has successfully taken advantage of opportunities within the growing e-commerce sector. The operating profit has grown to £3,279k (2014: loss of £148k) as a result of the revenue growth.

Business environment

Deutsche Post Global Mail (UK) Limited competes in the international mail and parcel distribution market.

The traditional mail market has been in decline for a number of years now, however Deutsche Post Global Mail (UK) Limited has managed to achieve its expectations. The growth area of the market is in the e-commerce sector both in developed and emerging markets. This is a highly competitive sector with some strong opportunities. The business also has a focus on advertising mail to Germany where it has a strong competitive advantage.

Strategy

Deutsche Post Global Mail (UK) Limited is aiming to drive organic growth through strong customer loyalty. This is based on the "First Choice" philosophy of Deutsche Post DHL, which cultivates a culture where excellence and constant improvement are at the centre of our decision making process. The aim is to become and remain the first choice for all customers.

In line with this, the business aims to continue to grow volumes with existing customers and look for new customers and opportunities in the rapidly growing cross border e-commerce sector.

Future developments

The directors believe that future prospects remain positive, with the company well placed to continue to compete and take advantage of new opportunities within the market.

Strategic report for the year ended 31 December 2015 (continued)

Key performance indicator

The company has met its key objective for 2015 to produce an operating profit before amortisation.

KPI	2015 £'000	2014 £'000	Definition, method of calculation and analysis
Operating profit before amortisation	**4,243**	**818**	Operating profit before amortisation is considered to be the appropriate indicator of managed performance. This increase in operating profit is due to the introduction of the parcel business in the UK.

On behalf of the Board

Bettina Staffa
Director

26 August 2016

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Results and dividends

In the opinion of the directors the financial statements give a fair review of the development of the business during the year and of its position at the end of the year.

	2015	2014
	£'000	£'000
Profit/loss for the financial year	3,249	(181)

The directors do not recommend the payment of a dividend (2014: £nil).

Financial risk management

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

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

Price risk

The company is exposed to commodity price risk as a result of its operations, principally fuel price exposures. The company has a policy of ensuring that volatility in fuel prices (to manage the exposure to commodity price risk) is underwritten where possible in customer tariffs and arrangements. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. Furthermore the company faces foreign exchange risks (as well as opportunities) which are covered centrally by group as appropriate.

Credit risk

The company has policies in place that require appropriate credit checks on potential customers before sales are made, and on a regular basis thereafter. Debt finance is not utilised. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed monthly.

Liquidity risk

The company's debt profile is largely short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

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

Directors' report for the year ended 31 December 2015 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

B Staffa
O Sukowski
A Cooper
M Villberg

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 auditors

PricewaterhouseCoopers LLP completed the audit for year ending 2015, it is anticipated that this will continue for the year end 2016.

Directors' report for the year ended 31 December 2015 (continued)

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

Bettina Staffa
Director
26 August 2016

Independent auditors' report to the members of Deutsche Post Global Mail (UK) Limited

Report on the financial statements

Our Opinion

In our opinion, Deutsche Post Global Mail (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of income and retained earnings for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Deutsche Post Global Mail (UK) Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
26 August 2016

Deutsche Post Global Mail (UK) Limited

Statement of Income and Retained Earnings for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	4	41,560	27,834
Cost of sales		(34,245)	(22,654)
Gross profit		7,315	5,180
Administrative expenses		(4,036)	(5,328)
Operating profit/(loss)	4	3,279	(148)
Interest payable and similar charges	7	(30)	(33)
Profit/(loss) on ordinary activities before taxation		3,249	(181)
Profit/(loss) on ordinary activities before taxation:			
Underlying profit before income tax		3,249	500
Exceptional non-recurring administrative expenses	8	-	(681)
Profit/(loss) on ordinary activities before taxation		3,249	(181)
Tax on profit on ordinary activities	9	-	-
Profit/(loss) for the financial year		3,249	(181)
Retained earnings 1 January		6,659	6,840
Profit/(loss) for the year		3,249	(181)
Retained earnings 31 December		9,908	6,659

The results for the current and prior year derive from continuing operations.

There are no recognised gains or losses other than the profit for the year of £3,249,000 (2014: loss (£181,000), and therefore no separate statement of total other comprehensive income has been presented.

The notes on pages 11 to 26 form part of these financial statements.

Deutsche Post Global Mail (UK) Limited

Deutsche Post

Balance sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Assets			
Fixed assets			
Intangible assets	10	**5,796**	6,762
Tangible assets	11	**70**	73
		5,866	6,835
Current assets			
Debtors	12	**12,103**	5,953
Cash at bank and in hand		**-**	-
Total current assets		**12,103**	5,953
Creditors: amounts falling due within one year	13	**(8,038)**	(6,107)
Net current liabilities		**4,065**	(154)
Total assets less current liabilities		**9,931**	6,681
Provisions for liabilities and charges		**(1)**	-
Net assets		**9,930**	6,681
Capital and reserves			
Called up share capital	16	**22**	22
Profit and loss account		**9,908**	6,659
Total shareholders' funds		**9,930**	6,681

The financial statements on pages 9 to 26 were approved by the board of directors and authorised for issue on 26 August 2016 and are signed on its behalf by:

Bettina Staffa
Director
Registered number: 02104109

Deutsche Post Global Mail (UK) Limited

Notes to the financial statements for the year ended 31 December 2015

1. General information

Deutsche Post Global Mail (UK) Limited provides the services for distribution of international mail and parcel. The company is incorporated and domiciled in the UK. The address of its registered office is
Ocean House
The Ring
Bracknell
Berkshire
United Kingdom
RG12 1AN

2. Statement of compliance

The individual financial statements of Deutsche Post Global Mail (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102) and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)

3. Summary of significant accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS102 in these financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention on a going concern basis and in accordance with the Companies act 2006 and applicable UK accounting standards.
In accordance with the exemption granted by section 400 of the Companies Act 2006 the company has not prepared group financial statements.

Going concern

At 31 December 2015, the company had net assets of £9,993,000 (2014: £6,681,000). The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Deutsche Post AG.

Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objections to, the use of exemptions by the company's shareholders. The Company has taken advantage of exemptions from preparing a cash-flow statement, disclosing related party transactions and non-disclosure of key management compensation on the grounds that it is a wholly owned subsidiary of a group headed by Deutsche Post AG, whose financial statements include a consolidated cash flow statement and are publicly available.

3. Summary of significant accounting policies (continued)

Financial instruments
The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3. Summary of significant accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

Turnover recognition
Turnover comprises the value of charges for the sale of services to third parties. Turnover is recognised when services have been completed, this is when the delivery arrives at its destination. Turnover excludes value added tax and equivalent taxes, duty and other disbursements made on behalf of customers and intercompany transactions.
Rebates are accounted for as a deduction from revenue where there is certainty that the contractual arrangements giving rise to the rebate have been met.

Underlying profit
The underlying profit relates to the trading of the business excluding one off gains and losses

Goodwill
Purchased goodwill is capitalised and amortised by equal annual instalments through the profit and loss account over the directors' estimated useful life of up to 20 years. The company's policy prior to 1 January 1998 was to eliminate goodwill arising on acquisitions against reserves. Under the provisions of FRS 10, such goodwill will remain written off to reserves until disposal or termination of the previously acquired business, when the profit or loss on the disposal or termination will be calculated after charging the gross amount of any such goodwill. The carrying value of goodwill is reviewed by the directors for impairment at the end of the first full year after an acquisition and at other times if circumstances indicate that it may not be recoverable

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Summary of significant accounting policies (continued)

Tangible fixed assets and depreciation
Fixed assets are stated at cost less depreciation and less permanent reductions in value. Cost includes all incidental expenditure incurred in purchasing the asset and bringing it into a condition for its intended. Depreciation of tangible fixed assets is charged evenly over their estimated useful lives at the following rates:

Fixtures and fittings	3-10 years

Assets that are not expected to be held for the whole of their useful lives are written down to estimated residual values at disposal. The carrying values of tangible fixed assets are reviewed for impairment if circumstances indicate that they may not be recoverable.

Leased assets
Rental costs of operating leases are charged against profit on a straight line basis over the term of the lease.

Taxation
Current tax is the amount of income tax payable in respect of the taxable profit for the years or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

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

The Company has entered into an agreement regarding UK corporation tax payments and refunds with Exel Limited, a fellow group undertaking. Under the terms of this agreement, Exel Limited has undertaken to discharge the current and future UK corporation tax liabilities on behalf of, and benefit from any tax recoverable due to, the Company. The Company recognises its UK corporation tax and deferred tax liabilities, but as such liabilities are indemnified by Exel Ltd, an indemnification asset for the amount due from Exel Limited is also recognised in the balance sheet until the amount is settled on the Company's behalf. The net tax charge on the profit or loss on ordinary activities that has been indemnified by Exel Limited is netted against the indemnification amount due from Exel Limited in the statement of income and retained earnings.

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

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Summary of significant accounting policies (continued)

Pensions
The Deutsche Post Group maintains UK pension schemes; both defined benefit and defined contribution, for the funding of retirement benefits for scheme members during their working lives in order to pay benefits to them after retirement and to their dependants after their death. The cost of providing these benefits is assessed by external professional actuaries and is charged to the profit and loss account so as to spread the cost of retirement benefits over the financial year during which the employer derives benefit from the employee's services. The company does not maintain any other post-retirement benefits.

Foreign currency translation
All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising on foreign currency transactions are included in the profit and loss account

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. **Impairment of debtors (see note 12)**
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating, ageing profile of the debtors & historical experience.

b. **Useful economic lives of tangible assets (see note 11)**
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Notes to the financial statements for the year ended 31 December 2015 (continued)

4. Turnover and operating profit/(loss)

Turnover relates to the company's principal activity, which the directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom.

The following amounts have been charged in arriving at the operating loss:

	2015	2014
	£'000	£'000
Staff costs:		
Wages and salaries	1,545	3,112
Social security costs	188	296
Other pension costs	76	168
Goodwill amortisation	967	967
Depreciation	23	24
Operating lease charges	214	186
Auditors' remuneration – audit fees	41	60
Exchange gain/(loss)	375	(12)

5. Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments (including benefits in kind)	119	1,217
Company pension contributions to money purchase scheme	7	59
	126	1,276

During the year under review retirement benefits were accruing to 1 director under a defined contribution scheme.

	2015	2014
	£'000	£'000
Highest paid director		
Aggregate emoluments and benefits (including benefits in kind)	**119**	927
Company pension contributions to money purchase scheme	**7**	51

The highest paid director exercised share options during the year.

Notes to the financial statements for the year ended 31 December 2015 (continued)

6. Employees

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

	2014 Number	2014 Number
By activity		
Administrative	**8**	9
Sales/marketing	**21**	16
	29	25

Details in respect of employee costs are included in note 4.

7. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable to group undertakings	**30**	33

8. Non recurring costs

	2015 £'000	2014 £'000
Other operational change costs	**-**	(681)

Other operational change costs were incurred following the restructuring of the Mail business during 2014, and were redundancy costs pertaining to the senior management team.

Notes to the financial statements for the year ended 31 December 2015 (continued)

9. Income tax

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

	2015 £'000	2014 £'000
Current tax		
UK corporation tax on profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	5	(3)
Impact of changes in tax rates	-	-
Movement on UK deferred tax indemnified by Exel Ltd	(5)	3
Total deferred tax	-	-
Total tax per income statement	-	-

Notes to the financial statements for the year ended 31 December 2015 (continued)

Reconciliation of tax charge
The tax assessed for the year differs from the standard rate of corporation tax in the UK 20.25% (2014: 21.5%). The differences are explained below

	2015 **£'000**	2014 £'000
Profit/ (loss) on ordinary activities before taxation	**3,249**	(181)
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	**657**	(39)
Effects of:		
Expenses not allowable for UK tax	**200**	236
Group relief claimed from other group companies	**(852)**	(200)
Movement of UK deferred tax not indemnified by Exel Ltd	**(5)**	3
Tax charge for year	**-**	-

Tax rate changes
The tax rate for the current period is lower than the prior period due to the UK Corporation tax rate reducing from 21% to 20% from 1 April 2015

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements

10. Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 January 2015	8,696
At 31 December 2015	**8,696**
Accumulated amortisation	
At 1 January 2015	(1,933)
Charge for the year	(967)
At 31 December 2015	**(2,900)**
Net book amount	
At 31 December 2015	**5,796**
At 31 December 2014	6,762

Deutsche Post Global Mail (UK) Limited acquired this goodwill from Global Match (UK) Ltd on 1 January 2014. It is amortised over 20 years.

Notes to the financial statements for the year ended 31 December 2015 (continued)

11. Tangible assets

	Fixtures and fittings
	£'000
Cost	
At 1 January 2015	117
Additions	20
At 31 December 2015	**137**
Accumulated depreciation	
At 1 January 2015	(44)
Charge for the year	(23)
At 31 December 2015	**(67)**
Net book amount	
At 31 December 2015	**70**
At 31 December 2014	73

12. Debtors

	2015	2014
	£'000	£'000
Trade debtors	**6,029**	1,815
Amounts owed by group undertakings	**3,680**	1,931
Other debtors	**2**	10
Prepayments and accrued income	**2,392**	2,197
	12,103	5,953

All amounts owed by group undertakings are unsecured, interest free and should be repaid within group intercompany credit terms, which is 30 days.

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Overdrafts	**2**	1
Trade creditors	**476**	90
Amounts owed to group undertakings	**5,906**	4,261
Other taxation and social security	**840**	442
Other creditors	**5**	9
Accruals and deferred income	**809**	1,304
	8,038	6,107

All amounts owed to group undertakings are unsecured, interest free and are repaid within group intercompany credit terms, which is 30 days.

Notes to the financial statements for the year ended 31 December 2015 (continued)

14. Pensions

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

The four major UK schemes for employees providing services to the company are the Exel Retirement Plan ('ERP'), the Ocean Nestor Pension Scheme ('OCN'), the Tibbett & Britten Pension Scheme ('T&B') and the DHL NHS Supply Chain Pension Scheme ('NHS'). In addition a small number of staff are members of the DHL UK Pension Scheme ('DHL UK'). These schemes are part of the DHL Group Retirement Plan ("The Plan"), including both defined benefit and defined contribution type arrangements, which is administered by external trustees independently of the Deutsche Post DHL Group's finances. These schemes cover 87.3% (2014: 85.6%) of UK employees; defined benefit arrangements account for 1.4% (2014: 1.5%) of the membership of the schemes.

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

Actuarial valuations are carried out every three years. The latest valuations of the schemes were made as at 31 March 2015 by Willis Towers Watson. The values of the schemes' liabilities at 31 March 2012 have been updated by Willis Towers Watson to assess the liabilities of the sections at 31 December 2015 for the purposes of FRS 102 disclosures. The Plan's assets are stated at their market value at 31 December 2015.

Contributions of £4.5m (2014: £53.2m) have been made by Deutsche Post DHL subsidiaries during the financial year in respect of the NHS section (2014: OCN, ERP, T&B and NHS sections inclusive of additional deficit payments). In 2015 as a result of a review of the accounting for the defined benefit schemes following the transition to FRS 102, the DHL Services Limited financial statements show the funding of the additional deficit payments as part of the employer contribution. No contribution is made by the remaining Deutsche Post DHL subsidiaries

At 31 December 2015 the schemes were valued at a deficit of £258m (2014: £352m deficit).

Details of which can be found in the financial statements of DHL Services Ltd.

15. Capital and other commitments

Capital commitments
The company had no capital commitments 31 December 2015 (2014: £nil).

Notes to the financial statements for the year ended 31 December 2015 (continued)

Operating leases
The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods

	Other operating leases	
	2015	2014
	£'000	£'000
Within one year	**85**	73
Within two to five years	**136**	161
	221	234

16.Called up share capital

All the issued shares in the company are fully paid up and rank pari passu for all purposes.

	2015	2014
	£'000	£'000
Authorised		
20,000 (2014: 20,000) ordinary shares of £1 each and	20	20
1,980,000 (2014: 1,980,000) ordinary A shares of £0.001 each	2	2
Allotted and fully paid		
20,000 (2014: 20,000) ordinary shares of £1 each	20	20
1,980,000 (2014: 1,980,000) ordinary A shares of £0.01 each	2	2

Notes to the financial statements for the year ended 31 December 2015 (continued)

17. Contingent liabilities

The nature of the company's business and the extent of its operations are such that it is from time to time involved in legal proceedings, as plaintiff or defendant. No such current proceedings are expected to have a material effect on the company.

For UK corporate tax purposes the company has made collective payment arrangements with other undertakings in the Group; under these arrangements the company has a joint and several liability for amounts owed by those undertakings to the Inland Revenue.

18. Ultimate parent company and ultimate controlling party

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

19. Deferred tax

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

	2015	2014
	Unrecognised	Unrecognised
	£'000	£'000
Accelerated tax depreciation	**3**	2
Other timing differences	**76**	51
Net deferred tax asset	**79**	53

Deferred tax is calculated at rates between 18% and 20% (2014: 20%)

The company had a net deferred tax asset as 31 December 2015 of £79,000 (2014: £53,000) which has not been recognised in the financial statements because of the uncertainty that any future economic benefit arising from the timing differences will accrue to the company.

Notes to the financial statements for the year ended 31 December 2015 (continued)

20. Transition to FRS102

This is the first year the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There are no changes to the underlying financial statements as a consequence of the adoption of FRS 102. There have been no changes to accounting policies as a result of the transition.