

## **UPS Air Couriers of America Limited**

Annual Report and Financial Statements

For the year ended 31 December 2022

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## **UPS Air Couriers of America Limited**

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## **UPS Air Couriers of America Limited**

### **Company information**

<b>Directors</b>	Peter Raoul Stewardson Daniel Carrera Garcia Fernando Falcon Romero Peter Kingsley Dunstan Richard Stuart Fletcher
<b>Company secretary</b>	Peter Kingsley Dunstan
<b>Registered number</b>	00947724
<b>Registered office</b>	2 Lotus Park The Causeway Staines-Upon-Thames Middlesex TW18 3AG
<b>Independent auditors</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
<b>Bankers</b>	HSBC Bank plc City of London Offices 62-76 Park Street London SE1 9WP  Standard Chartered Bank Bur Dubai Al Mankhool Branch PO Box 999 Dubai UAE
<b>Solicitors</b>	Clyde & Co Beaufort House 15 St Botolph Street London BC3A 7AR

## UPS Air Couriers of America Limited

### Strategic report For the year ended 31 December 2022

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

#### Principal activity

The principal activity of the Company is to provide an international courier service as a representative of UPS Worldwide Forwarding Inc., a Company incorporated in the United States of America. The Company intends to continue in this role for the foreseeable future.

#### Fair review of the business

The results for the year are set out on pages 11 to 14 of the financial statements and show as profit before taxation of £176,000 (2021: £1,373,000) on turnover of £13,406,000 (2021: £11,418,000). The decrease in profit before taxation for the year is mainly due to the increase in cost of sales and admin expenses. The cost of sales is increased mainly due to increase in rental charges, foreign exchange cost and payroll expenses. The increase in admin expenses is due to an increase in payroll cost, freight handling cost due to the increased volume in current year and also due to the increased cost directly related to the Dubai ramp closure. As set out on page 13 of the financial statements, net assets as at 31 December 2022 were £10,750,000 (2021: £10,152,000).

During the year, the Company declared and paid a final dividend amounting to £Nil (2021: £3,850,000) to its parent company, UPS (UK Holding) Limited.

During the year, Russia and Ukraine engaged in a military conflict. As a result of the conflict, UPS has temporarily suspended its operations in the impacted countries of Belarus, Russia and Ukraine. Because the outcome of the conflict is rapidly changing, uncertain and difficult to predict, its impacts on our operations are also uncertain and difficult to predict.

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

	Unit	2022	2021
Turnover	£'000	13,406	11,418
Gross profit	£'000	3,108	3,077
Operating profit	£'000	216	1,393
Gross margin	%	23	27
Operating margin	%	2	12

#### Principal risks and uncertainties

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 base costs and to provide quality service at a cost-effective level. The risk the Company faces is the ability for another company to offer the same quality of service for less cost.

#### Future developments

The directors have reviewed the Company's business forecasts for the year 2023 and, in light of this review and the current financial position, they expect the general level of activity to remain consistent with 2022 in the forthcoming year. Overall during the year the Company saw a 11% decrease in its operating margin compared to last year.

## **UPS Air Couriers of America Limited**

### **Strategic report (continued) For the year ended 31 December 2022**

#### **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.

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 stakeholders.

#### **Employees**

The Company is an agent company on behalf of UPS World Wide Forwarding Inc.. It has no direct employees.

#### **Environment and communities**

The directors recognise the importance of community engagement and the need to make a 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 is an agent company and as such all external suppliers or customers' relations are with its representative company UPS World Wide Forwarding Inc., a company incorporated in USA. The UPS Group 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, products and competitive prices.

#### **Fair treatment of members**

The Company is a wholly owned subsidiary of UPS (UK Holding) Limited.

#### **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 Brussels 14/07/2023 and signed on its behalf by:



.....  
Peter Raoul Stewardson  
Director

## **UPS Air Couriers of America Limited**

### **Directors' report For the year ended 31 December 2022**

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

#### **Directors of the Company**

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

Peter Raoul Stewardson  
Daniel Carrera Garcia  
Fernando Falcon Romero (appointed 1 January 2022)  
Peter Kingsley Dunstan (appointed 1 February 2022)  
Richard Stuart Fletcher (appointed 1 May 2022)  
Kim Albert Ruymbeke (resigned 1 January 2022)  
Matthew Parkinson (resigned 1 February 2022)  
James O'Gara (resigned 1 May 2022)

#### **Results and dividends**

The results and dividends are included in the Strategic report on page 2.

#### **Financial instruments**

##### ***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. The Company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner.

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

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

###### ***Foreign exchange risk***

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

###### ***Interest rate risk***

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

###### ***Credit risk***

The Company places its cash with credit worthy institutions. The Company performs ongoing credit evaluation of its customers' financial condition. The carrying amounts of cash, trade receivables and other receivables represent the maximum credit risk that the Company is exposed to.

###### ***Liquidity risk***

The Company is dependent on its ultimate parent undertaking for continued financial support and the directors are satisfied that this financial support will be available when required. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, cash management is a key priority.

**UPS Air Couriers of America Limited**

**Directors' report (continued)  
For the year ended 31 December 2022**

**Financial instruments (continued)**

***Price risk, credit risk, liquidity risk and cash flow risk (continued)***

**Fair value of financial assets and financial liabilities**

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

**Regulatory risk**

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

**Employment of disabled persons**

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

**Employee involvement**

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

**Branches outside the United Kingdom**

The Company comprises a branch, outside the UK as defined in section 1046(3) of the Companies Act 2006, of UPS Air Couriers of America Ltd. (UPSACAL) (Dubai Branch), which resides in Dubai. The principal activity of the Company is to provide an international courier service as a representative of the UPS Worldwide forwarding Inc.

**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 are satisfied regarding the performance of the Company.

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 twenty months from the date of approval of the financial statements and to enable the Company to meet its liabilities as they fall due.

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.

**Events after the financial reporting date**

There have been no events after the reporting period, either adjusting or non-adjusting.

**UPS Air Couriers of America Limited**

**Directors' report (continued)  
For the year ended 31 December 2022**

**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of auditors**

The auditors, Deloitte Ireland LLP, have indicated their willingness to continue in office.

Approved by the Board on Brussels 14/07/2023 and signed on its behalf by:

A handwritten signature in black ink, consisting of several vertical strokes followed by a long, sweeping horizontal stroke that curves upwards at the end.

.....  
Peter Raoul Stewardson  
Director



## **UPS Air Couriers of America Limited**

### **Statement of Directors' responsibilities**

The directors acknowledge their responsibilities for preparing the Annual 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 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 Air Couriers of America Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of UPS Air Couriers of America 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 statement of accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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.



## **Independent auditor's report to the members of UPS Air Couriers of America Limited**

### **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.

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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.



## **Independent auditor's report to the members of UPS Air Couriers of America Limited**

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

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.

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.

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.

# Deloitte.

## Independent auditor's report to the members of UPS Air Couriers of America Limited

### 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.



David Boyle (Senior Statutory Auditor)  
For and on behalf of Deloitte Ireland LLP  
Statutory Auditor  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

17 July 2023

UPS Air Couriers of America Limited

Profit and loss account  
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	4	13,406	11,418
Cost of sales		(10,298)	(8,341)
<b>Gross profit</b>		<u>3,108</u>	<u>3,077</u>
Administrative expenses		(2,892)	(1,684)
<b>Operating profit</b>	5	<u>216</u>	<u>1,393</u>
Interest receivable and similar income	6	28	4
Interest payable and similar expenses	7	(68)	(24)
<b>Profit before tax</b>		<u>176</u>	<u>1,373</u>
Taxation	11	181	(226)
<b>Profit for the financial year</b>		<u><u>357</u></u>	<u><u>1,147</u></u>

The above results were derived from continuing operations.

The notes on pages 15 to 26 form an integral part of these financial statements.

**UPS Air Couriers of America Limited**

**Statement of comprehensive income  
For the year ended 31 December 2022**

	<b>2022 £000</b>	<b>2021 £000</b>
Profit for the financial year	357	1,147
Foreign currency translation gains/(losses)	241	(31)
<b>Total comprehensive income for the year</b>	<b>598</b>	<b>1,116</b>

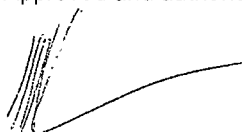
The notes on pages 15 to 26 form an integral part of these financial statements.

**UPS Air Couriers of America Limited**  
(Registration number: 00947724)

**Balance sheet**  
**As at 31 December 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	12	781	916
Investments	13	4,967	4,967
		<u>5,748</u>	<u>5,883</u>
<b>Current assets</b>			
Debtors	14	15,636	13,329
Cash at bank and in hand	15	-	2
		<u>15,636</u>	<u>13,331</u>
Creditors	16	(10,634)	(9,062)
<b>Net current assets</b>		<u>5,002</u>	<u>4,269</u>
<b>Total assets less current liabilities</b>		<u>10,750</u>	<u>10,152</u>
<b>Net assets</b>		<u><u>10,750</u></u>	<u><u>10,152</u></u>
<b>Capital and reserves</b>			
Share capital	17	329	329
Share premium account	18	8,461	8,461
Foreign exchange reserve	18	400	159
Profit and loss account	18	1,560	1,203
		<u>10,750</u>	<u>10,152</u>

Approved and authorised by the Board on Brussels 14/07/2023 and signed on its behalf by:



.....  
Peter Raoul Stewardson  
Director

The notes on pages 15 to 26 form an integral part of these financial statements.



UPS Air Couriers of America Limited

Statement of changes in equity  
For the year ended 31 December 2022

	Share capital £000	Share premium reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2021</b>	329	8,461	190	3,906	12,886
Profit for the year	-	-	-	1,147	1,147
Other comprehensive expense	-	-	(31)	-	(31)
<b>Total comprehensive income for the year</b>	-	-	(31)	1,147	1,116
Dividends (Note 19)	-	-	-	(3,850)	(3,850)
<b>At 31 December 2021 and 1 January 2022</b>	329	8,461	159	1,203	10,152
Profit for the year	-	-	-	357	357
Other comprehensive income	-	-	241	-	241
<b>Total comprehensive income for the year</b>	-	-	241	357	598
<b>At 31 December 2022</b>	329	8,461	400	1,560	10,750

The notes on pages 15 to 26 form an integral part of these financial statements.

## **UPS Air Couriers of America Limited**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **1. General information**

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and below. The nature of the Company's operations and its principal activity is 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 TW18 3AG

The Company's registration number is: 00947724.

#### **2. Accounting policies**

##### **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.

##### **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.

##### **Basis of preparation**

The Company is a company incorporated in the United Kingdom under the Companies Act.

The financial statements have been prepared using the historical cost convention, modified to include certain items that are shown at fair value.

The financial statements are presented in pounds sterling (GBP), which is considered to be the Company's functional currency. The Company's branch UPSACAL Dubai operates using a functional currency of UAE Dirhams (AED). At the year end UPSACAL Dubai's financial statements are converted to the functional currency of the Company (GBP). The financial statements are rounded to the nearest £'000.

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 instalments, presentation of a cash flow statement, remuneration of key management personnel and share-based payments.

## **UPS Air Couriers of America Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **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 are satisfied regarding the performance of the Company.

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 twenty months from the date of approval of the financial statements and to enable the Company to meet its liabilities as they fall due.

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.

##### **Exemption from preparing group accounts**

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, United Parcel Service Inc.; a company incorporated in United States of America. The financial statements of United Parcel Service of America Inc. can be found on the website [www.investors.ups.com](http://www.investors.ups.com). Please see Note 20 for the address of the ultimate parent company.

##### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Under FRS 102, an entity is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. One feature indicating that an entity is acting as an agent is that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer. Turnover is shown net of sales value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

##### **Foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated into GBP at the rates ruling at the date of the transaction or, if hedged, at the rate of exchange under related forward currency contracts. Monetary assets and liabilities denominated in foreign currencies at the Balance sheet date are translated at the rates ruling at that date. The resulting profit or loss is included in the Statement of changes in equity.

## UPS Air Couriers of America Limited

### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 2. Accounting policies (continued)

##### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

##### 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.

##### 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:

Asset class	Depreciation method and rate
Land	Nil
Buildings	20-40 years
Leasehold improvements	over the term of the leases
Other property, plant and equipment	3-11 years

##### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### 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.

## **UPS Air Couriers of America Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2022**

#### **2. Accounting policies (continued)**

##### **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.

##### **Trade creditors**

Trade creditors 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 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.

##### **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.

##### **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.

##### **Pension**

Employees for the group are with the Dubai entity and, under UAE legislation, the Company provides for the employees an end of service benefit. This is a lump sum paid to the employee when his/her services are terminated. A provision is held in the Balance sheet for this obligation.

##### **Interest income and finance costs**

Interest income is recognised as the interest accrues. All finance costs are recognised in the Profit and loss account in the year in which they are incurred.

##### **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.

# UPS Air Couriers of America Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 3. Key sources of estimation uncertainty

The directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any key sources of estimation uncertainty during the year.

### 4. Turnover

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

	2022 £000	2021 £000
Business service income in respect of the provision of freight, logistics and express courier services within the Middle East and Africa	13,303	11,051
Royalty	103	367
	<u>13,406</u>	<u>11,418</u>

### 5. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation expense	278	197
Foreign exchange losses	361	95
	<u>639</u>	<u>292</u>

### 6. Interest receivable and similar income

	2022 £000	2021 £000
Other finance income	28	4
	<u>28</u>	<u>4</u>

### 7. Interest payable and similar expenses

	2022 £000	2021 £000
Interest expense on other finance liabilities	68	24
	<u>68</u>	<u>24</u>

**UPS Air Couriers of America Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**8. Staff cost**

The aggregate payroll costs were as follows:

	2022 £000	2021 £000
Wages and salaries	1,463	1,261
Social security and other costs	142	145
	<u>1,605</u>	<u>1,406</u>

During the year, the average number of employees in the Company was:

	2022 No.	2021 No.
Production	46	42
Administration and support	5	5
	<u>51</u>	<u>47</u>

All of the directors are salaried employees of UPS (i.e. they receive their salaries from other affiliated companies of United Parcel Service, Inc.). However, none of them receive any remuneration from the Company and there is no specific element of their salary that is related to their role as directors of these companies - i.e. they are not paid for being directors.

**9. Directors' remuneration**

Directors' remuneration is borne by other group entities.

**10. Auditors' remuneration**

	2022 £000	2021 £000
Audit of the financial statements	<u>19</u>	<u>7</u>

**UPS Air Couriers of America Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**11. Taxation**

Tax (credited)/charged in the Profit and loss account:

	2022 £000	2021 £000
<b>Corporation tax</b>		
UK corporation tax	47	248
UK corporation tax adjustments in respect of previous periods	(247)	(127)
Withholding tax	15	49
<b>Total current tax</b>	<u>(185)</u>	<u>170</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	15	15
Adjustments in respect of previous periods	1	47
Effect of changes in tax rates	(12)	(6)
<b>Total deferred tax</b>	<u>4</u>	<u>56</u>
<b>Total tax (credit)/charge in the Profit and loss account</b>	<u>(181)</u>	<u>226</u>

The withholding tax relates to amounts deducted from business with agents in Saudi Arabia.

**Factors affecting tax (credit)/charge for the year**

The tax on profit before tax for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	<u>176</u>	<u>1,373</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	33	261
<b>Effects of:</b>		
Expenses not deductible	10	1
Effect of overseas tax rates	15	49
Adjustments in respect of previous periods	(246)	(80)
Tax rate changes	7	(6)
Other adjustments	-	1
<b>Total tax (credit)/charge for the year</b>	<u>(181)</u>	<u>226</u>



UPS Air Couriers of America Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

11. Taxation (continued)

Factors that may affect future tax charges

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 disclosure

	2022 £000	2021 £000
At start of the period (Note 14)	81	138
Deferred tax charged to the income statement for the period	(3)	(9)
Adjustments in respect of previous periods	(1)	(47)
Other adjustments	-	(1)
	<u>77</u>	<u>81</u>

UPS Air Couriers of America Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

12. Tangible assets

	Land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>			
At 1 January 2022	35	2,860	2,895
Additions	-	47	47
Disposals	-	(189)	(189)
Foreign exchange movements	4	341	345
At 31 December 2022	39	3,059	3,098
<b>Depreciation</b>			
At 1 January 2022	31	1,948	1,979
Charge for the year	2	276	278
Disposals	-	(181)	(181)
Foreign exchange movements	4	237	241
At 31 December 2022	37	2,280	2,317
<b>Carrying amount</b>			
At 31 December 2022	2	779	781
At 31 December 2021	4	912	916

UPS Air Couriers of America Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2022

13. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2022 and at 31 December 2022	4,967
<b>Impairment</b>	
At 1 January 2022 and at 31 December 2022	-
<b>Net book value</b>	
At 31 December 2022	4,967
At 31 December 2021	4,967

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) 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 Nigeria	Nigeria	Ordinary	100%	100%

14. Debtors

		2022 £000	2021 £000
<b>Due within one year</b>			
Trade debtors		123	175
Amounts owed by group undertakings	21	13,670	11,242
Other debtors		186	179
Prepayments		9	358
Income tax asset	11	1,571	1,294
Deferred tax asset	11	77	81
		<u>15,636</u>	<u>13,329</u>

Intercompany balances are settled in full on a monthly basis with the Company's ultimate parent United Parcel Services Inc.

**UPS Air Couriers of America Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2022**

**15. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash at bank	-	2
	<u>          </u>	<u>          </u>

**16. Creditors**

		<b>2022</b>	<b>2021</b>
		<b>£000</b>	<b>£000</b>
<b>Due within one year</b>			
Trade creditors		3,008	4,109
Amounts due to group undertakings	21	5,492	3,626
Social security and other taxes		-	1
Other creditors		235	-
Accruals		1,899	1,326
		<u>          </u>	<u>          </u>
		<u>10,634</u>	<u>9,062</u>

Intercompany loans are repayable on demand. This is with UPS Global Treasury Plc. All other intercompany balances are settled with United Parcel Services Inc. on a monthly basis.

**17. Share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
329,000 (2021: 329,000) ordinary shares of £1 each	329	329
	<u>          </u>	<u>          </u>

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

**18. Reserves**

*Share premium*

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

*Profit and loss account*

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

**UPS Air Couriers of America Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**18. Reserves (continued)**

The changes to each component of equity resulting from items of other comprehensive expense were as follows:

	2022 Other Reserves	2021 Other Reserves
	£'000	£'000
Foreign currency translation gains/(losses)	241	(31)

**19. Dividends**

	2022 £000	2021 £000
Final dividend of £Nil (2021 - £11.70) per ordinary share	-	3,850

**20. Parent and ultimate parent undertaking**

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

The ultimate parent is United Parcel Services Inc., incorporated in United States of America.

The most senior parent entity producing publicly available financial statements is United Parcel Services Inc.. These financial statements are available upon request from 2 Lotus Park, The Causeway, Staines-Upon-Thames, Middlesex, TW18 3AG.

The ultimate controlling party is United Parcel Services Inc..

**21. Related party transactions**

The Company has taken advantage of the exemption contained within FRS 102 which allows the Company not to disclose transactions with group entities or investees of the group qualifying as related parties.

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

There have been no events after the reporting period, either adjusting or non-adjusting.