UPS LIMITED
(REGISTERED NUMBER 01933173)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2013

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UPS LIMITED

Report and financial statements 2013

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UPS LIMITED

Officers and Professional advisers

Directors	C Miller HM Mensing G Willis (Appointed 1 May 2013) P Dunstan (Appointed 17 October 2013) R Suleiman (Resigned 17 October 2013) J Barber (Resigned 30 April 2013)
Company Secretary	P Dunstan (Appointed 17 October 2013) R Suleiman (Resigned 17 October 2013)
Registered office	UPS House Forest Road Feltham Middlesex TW13 7DY
Registered number	01933173
Solicitors	Clyde & Co Beaufort House 15 St Botolph Street London EC3A 7AR
Bankers	Barclays Bank London Corporate Centre PO Box 46116 London EC4N 8WB HSBC Bank plc City of London Corporate Office PO Box 125 62-76 Park Street London SE1 9WP Bank Mendes Gans 1000 AD Amsterdam Herengracht 619 The Netherlands
Auditor	Deloitte & Touche Chartered Accountants and Statutory Auditors Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland

UPS LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

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

KEY PERFORMANCE INDICATORS

	2013 £'000	2012 £'000
Turnover	758,021	697,347
Gross Profit	105,264	92,777
Operating Profit	39,230	20,830
Gross Profit Margin	13.89%	13.30%
Operating Profit Margin	5.18%	2.99%

RESULTS AND DIVIDENDS

The results for the year are set out on page 9 of the financial statements and show an operating profit of £39,230,000 (2012 - profit of £20,830,000) on turnover of £758,021,000 (2012 - £697,347,000). Net total assets at 31 December 2013 were £121,411,000 (2012 : £100,151,000). No dividend was declared for current and prior years.

GOING CONCERN

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

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

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

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

P Dunstan
Company Secretary
2014 23rd September

UPS LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit herewith their annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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BUSINESS REVIEW

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DIRECTORS AND THEIR INTERESTS

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

C Miller
HM Mensing
G Willis (Appointed 1 May 2013)
P Dunstan (Appointed 17 October 2013)
R Suleiman (Resigned 17 October 2013)
J Barber (Resigned 30 April 2013)

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

EMPLOYMENT OF DISABLED PERSONS

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

EMPLOYEES' INVOLVEMENT

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

DONATIONS

Charitable donations of £4,025 were paid in the year (2012 - £2,200).

No political donations were made in the year (2012 - £nil).

PAYMENT OF CREDITORS

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

RISK MANAGEMENT

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

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

Foreign exchange risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

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

Fair value of financial assets and financial liabilities

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

Regulatory risk

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

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

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

During the year Deloitte & Touche were appointed as auditors of the company. A resolution to reappoint Deloitte & Touche as the company's auditor will be proposed at the forthcoming annual general meeting.

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

P Dunstan
Company Secretary
2014 23rd September

Deloitte.

Deloitte & Touche
Chartered Accountants &
Registered Auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPS LIMITED

We have audited the financial statements of UPS Limited for the year ended 31 December 2013which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses , the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Deloitte.

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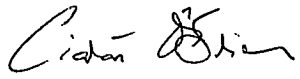
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPS LIMITED

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Ciarán O'Brien, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Auditors
Dublin

Date: 23 September 2014

UPS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	758,021	697,347
Cost of sales		(652,757)	(604,570)
Gross profit		105,264	92,777
Administrative expenses		(66,034)	(71,947)
OPERATING PROFIT	3	39,230	20,830
Interest receivable and similar income	4	1,222	1,168
Interest payable and similar charges	5	(877)	(1,630)
Profit on ordinary activities before taxation		39,575	20,368
Tax on profit of ordinary activities	6	(11,862)	(1,063)
Profit on ordinary activities after taxation	16/17	27,713	19,305

The notes on pages 12 to 32 form part of these financial statements.
All results are derived from continuing operations

UPS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Profit for the year transferred to reserves		27,713	19,305
Actuarial loss relating to the Pension Scheme	18	(7,442)	(2,751)
UK deferred tax attributable to the actuarial loss	18	989	633
Total recognised gains relating to the year		21,260	17,187

UPS LIMITED

BALANCE SHEET - 31 DECEMBER 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
FIXED ASSETS					
Tangible assets	8		106,742		103,309
			106,742		103,309
CURRENT ASSETS					
Stocks	10	628		589	
Debtors falling due after one year	11	3,782		7,297	
Debtors falling within one year	11	148,988		132,502	
Cash at bank and in hand		51,120		16,496	
		204,518		156,884	
CREDITORS - amounts falling due within one year	12	(171,911)		(141,274)	
NET CURRENT ASSETS			32,607		15,610
TOTAL ASSETS LESS CURRENT LIABILITIES			139,349		118,919
PROVISIONS FOR LIABILITIES	13		(8,751)		(5,932)
NET ASSETS EXCLUDING PENSION (LIABILITY)/ASSET			130,598		112,987
Pension - defined benefit liability	18		(9,187)		(12,836)
NET ASSETS INCLUDING PENSION (LIABILITY)/ASSET			121,411		100,151
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Share premium	16		196,952		196,952
Group reconstruction reserve	16		(72,263)		(72,263)
Profit and loss account	16		(3,280)		(24,540)
SHAREHOLDERS' FUNDS	17		121,411		100,151

The financial statements of UPS Limited (registered number 01933173) were approved by the board of directors and authorised for issue on 23/9/2014. They were signed on its behalf by:

P Dunstan
DIRECTOR

1 ACCOUNTING POLICIES

Going Concern

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

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

Accounting policies

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Operations

All Operations in UPS Limited are from continuing operations.

Turnover

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

Group accounts

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

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

Tangible fixed assets

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

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

Freehold buildings	20 to 40 years
Leasehold improvements	Costs are written off over the terms of the leases or the estimated remaining life if shorter
Plant and Machinery	
Fixtures, Fittings, tools and equipment	3 to 10 years
Motor Vehicles	3 to 11 years

Freehold land is not depreciated.

Stocks

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

Foreign currency

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

1 ACCOUNTING POLICIES (Continued)

Pension costs

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

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

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

Leases

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

Taxation

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

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

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

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

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

2 TURNOVER

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

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

3 OPERATING PROFIT

	2013 £'000	2012 £'000
Operating profit is stated after charging / (crediting):		
Depreciation:		
- Owned tangible fixed assets	12,964	12,374
- Fixed assets held under hire purchase contracts and finance leases	178	178
Profit on disposal of fixed assets	(53)	(116)
Auditors' remuneration:		
- Fees payable to the Company's auditors for audit of the companies accounts	117	112
- Tax services	26	23
- Other	-	-
Operating lease charges:		
- Plant and machinery	632	947
- Other assets	10,317	8,241

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Other Interest Receivable	5	20
Net income from Pension Scheme	1,217	1,148
	1,222	1,168

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Amounts owed to group undertakings	305	490
Other interest payable	14	22
Hire purchase interest	3	14
Unwinding of discount factor on dilapidations	555	1,104
	877	1,630

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax on profit of the year at 23.25% (2012 : 24.50%)	5,899	1,584
UK corporation tax - adjustments in respect of prior years	(71)	-
Total current tax	5,828	1,584
Deferred tax:		
Pension movement	2,519	2,180
Tax losses	1,869	(1,891)
Current year movements	(22)	(498)
Effects of rate change	844	367
Adjustments in respect of prior years	824	(679)
Total deferred tax	6,034	(521)
Tax on profit for the year	11,862	1,063

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

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK 23.25% (2012: 24.50%). The differences are explained below:

	2013	2012
	£'000	£'000
Profit on ordinary activities before taxation	39,575	20,368
Profit on ordinary activities at the standard UK rate of tax 23.25% (2012: 24.50%)	9,201	4,990
Utilisation of tax losses carried forward	(3,978)	(1,849)
Capital allowances versus depreciation	(135)	(245)
Short term timing differences	-	8
Prior period revisions	(71)	-
Pension deduction	(2,017)	(2,399)
Items not deductible for tax purposes	2,828	1,079
	5,828	1,584

Deferred tax assets/liabilities have not been discounted.

Current tax has been calculated at 23.25% being the blended corporation tax rate for the period.

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

7 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

	2013 Number	2012 Number
Office and management	1,629	1,738
Operators	3,485	3,536
	5,114	5,274

Staff costs during the year amounted to:	2013 £'000	2012 £'000
Wages and salaries	149,674	149,205
Social security costs	14,009	13,733
Other pension costs	1,328	2,970
	165,011	165,908

	2013 £'000	2012 £'000
The aggregate amount of directors' emoluments excluding pension	668	1,680
The emoluments of the highest paid director - excluding pension	344	1131

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

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Short Leasehold Land and Buildings	Long Leasehold Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2013	56,430	8,303	3,258	150,769	218,760
Additions	12	53	-	16,798	16,863
Disposals	(174)	-	-	(5,674)	(5,848)
At 31 December 2013	56,268	8,356	3,258	161,893	229,775
Depreciation					
At 1 January 2013	7,460	5,319	1,393	101,279	115,451
Charge for the year	651	301	-	12,190	13,142
Disposals	-	-	-	(5,560)	(5,560)
At 31 December 2013	8,111	5,620	1,393	107,909	123,033
Net book value					
At 31 December 2013	48,157	2,736	1,865	53,984	106,742
At 31 December 2012	48,970	2,984	1,865	49,490	103,309

Included within freehold land and buildings is land at a cost of £24,065,000 (2012: £24,065,000) that is not depreciated.

The directors are satisfied that the asset valuations as at 31 December 2013 are fair given the current market conditions.

Fixed assets under finance lease and hire purchase contracts had a net book value at 31 December 2013 of £211,560 (2011: £389,625). These are included in Plant and Machinery.

9 INVESTMENTS

	2013 £	2012 £
UPS Pension Trustees Limited	1	1

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

10 STOCKS

	2013 £'000	2012 £'000
Consumable stores	628	589

11 DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	94,730	89,038
Amounts owed by subsidiary undertakings	49,670	35,267
Other debtors	457	517
Prepayments and accrued income	4,131	7,680
	148,988	132,502
Amounts falling due after more than one year:		
Deferred tax asset (note 14)	3,782	7,297

12 CREDITORS (amounts falling due within one year)

	2013 £'000	2012 £'000
Trade creditors	2,516	1,998
Amounts owed to subsidiary undertakings	76,613	48,906
Intercompany Loans	32,633	32,328
Finance leases	-	110
Other creditors	2,371	1,614
Corporation tax	1,508	1,032
Other taxation and social security	14,567	13,545
Accruals and deferred income	41,703	41,741
	171,911	141,274

Interest at LIBOR + 0.1267% (2012: LIBOR + 0162%) is payable on intercompany loans. The loans are at call but have no fixed repayment terms.

13 PROVISIONS FOR LIABILITIES

	Onerous Lease	Dilapidations	Total
	£'000	£'000	£'000
At 1 January 2013	539	5,393	5,932
Unwinding of Discount Factor	-	555	555
Utilised	(83)	-	(83)
Additions	1,468	879	2,347
At 31 December 2013	1,924	6,827	8,751

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

14 DEFERRED TAXATION

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

	Provided (assets)/liabilities	
	2013	2012
	£'000	£'000
Capital allowances in excess of depreciation	(1,796)	(3,127)
Tax losses	(1,097)	(3,411)
Other timing differences	(889)	(759)
Deferred tax asset	(3,782)	(7,297)
Deferred tax on pensions (Note 18)	(2,297)	(3,827)
Total Deferred Tax Debtor	(6,079)	(11,124)

	Not Provided (assets)/liabilities	
	2013	2012
	£'000	£'000
Tax losses	-	(1,851)
Deferred Tax asset	-	(1,851)

The deferred tax asset on tax losses has been partially provided for the year ended 31 December 2012

	Deferred tax asset
	£'000
At 1 January 2013	(11,124)
Charge to profit and loss account (Note 6)	6,034
Movement in Statement of Total Recognised Gains and Losses	(989)
At 31 December 2013	(6,079)

15 CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Authorised:		
100,000 Ordinary Shares of £1 each	100	100
Called up, allotted and fully paid:		
2,003 (2012: 2,003) Ordinary Shares of £1 each	2	2

16 RESERVES

	Share Premium £'000	Group reconstruction reserve £'000	Profit and loss account £'000
At 1 January 2013	196,952	(72,263)	(24,540)
Profit for the year	-	-	27,713
Actuarial Loss relating to the pension scheme	-	-	(7,442)
UK deferred tax attributable to the actuarial loss			989
At 31 December 2013	196,952	(72,263)	(3,280)

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013 £'000	2012 £'000
Opening shareholders' funds	100,151	82,964
Profit for the financial year	27,713	19,305
Actuarial Loss relating to the Pension Scheme	(7,442)	(2,751)
UK deferred tax attributable to the actuarial loss	989	633
Closing Shareholders' funds	121,411	100,151

18 PENSION COSTS

Defined contribution schemes

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

The total cost charged to income of £2,077,000 (2012 : £2,126,000) represents contributions payable to this scheme by the group at rates specified in the rules of the plans. As at 31 December 2013 and 2012, all contributions were paid over.

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

Defined benefit schemes

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

UPS Limited operates three defined benefit schemes:

UPS

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2013.

Key assumptions used:	Valuation at	
	2013	2012
Discount rate	4.45%	4.55%
Expected return on scheme assets	6.10%	5.52%
Expected rate of salary increases	3.55%	3.15%
Future pension increases		
- price inflation, capped at 5% pa	3.15%	2.85%
- price inflation, capped at 2.5% pa	2.15%	2.05%
Inflation	3.30%	2.90%

Mortality Assumptions

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

	2013	2012
Retiring today:		
Male pensioner now aged 60	27	27
Female pensioner now aged 60	31	30
Retiring in 20 years:		
Male non-pensioner now aged 40	29	28
Female non-pensioner now aged 40	32	32

18 **PENSION COSTS (Continued)**

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

	2013	2012
	£'000	£'000
Current service cost	2,588	2,569
Interest cost	5,957	5,679
Expected return on scheme assets	(6,468)	(6,122)
Past service cost	-	-
	2,077	2,126

Of the charge for the year, £511,000 (2012 : £443,000) has been included in interest receivable, and £2,588,000 (2012 : £2,569,000) in administrative expenses. Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The return on scheme assets was £10,753,000 (2012 : £9,922,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a deficit of £52,757,000 (2012 : deficit of £48,608,000).

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

	2013	2012
	£'000	£'000
Present value of defined benefit obligations	143,875	130,049
Fair value of scheme assets	(132,607)	(112,598)
Deficit in scheme	11,268	17,451
Related deferred tax (Note 14)	(2,254)	(4,014)
Net Pension liability	9,014	13,437

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

	2013	2012
	£'000	£'000
At 1 January	130,049	117,432
Service cost	2,588	2,569
Interest cost	5,957	5,679
Contributions from scheme members	126	127
Actuarial loss	8,434	7,287
Benefits paid	(3,279)	(3,045)
Past service cost	-	-
At 31 December	143,875	130,049

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

	2013	2012
	£'000	£'000
At 1 January	112,598	98,411
Expected return on scheme assets	6,468	6,122
Actuarial gain	4,285	3,800
Contributions from the sponsoring companies	12,409	7,183
Contributions from scheme members	126	127
Benefits paid	(3,279)	(3,045)
	132,607	112,598

18 **PENSION COSTS (Continued)**

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

	Expected return		% of total plan assets	
	2013	2012	2013	2012
	% pa	% pa	% pa	% pa
Equity instruments	7.70%	7.45%	38.00%	35.00%
Property	6.95%	6.65%	20.00%	17.00%
Fixed Interest - UK gilts	3.45%	2.20%	4.00%	5.00%
Fixed Interest - Other	4.25%	3.50%	20.00%	23.00%
Cash	3.30%	2.45%	1.00%	1.00%
Diversified growth fund	4.65%	4.55%	17.00%	19.00%

The five year history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme liabilities	132,607	130,049	117,432	95,864	91,763
Fair value of scheme assets	143,875	112,598	98,411	90,968	77,084
Experience adjustments on scheme liabilities	(208)	1,182	(3,046)	931	(2,929)
Percentage of scheme liabilities (%)	(0.2%)	0.9%	(2.6%)	1.0%	(3.2%)
Experience adjustments on scheme assets	4,285	3,800	(3,719)	4,106	5,145
Percentage of scheme assets (%)	3.0%	3.4%	(3.8%)	4.5%	6.7%

18 PENSION COSTS

Lynx

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2013.

Key assumptions used:	Valuation at	
	2013	2012
Discount rate	4.45%	4.55%
Expected return on scheme assets	5.90%	5.32%
Expected rate of salary increases	3.55%	3.15%
Future pension increases		
- LPI at 5% pa	315.00%	2.85%
- LPI at 2.5% pa	2.15%	2.05%
Inflation	3.30%	2.90%

Mortality Assumptions

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

	2013	2012
Retiring today:		
Male pensioner now aged 60	27	27
Female pensioner now aged 60	31	30
Retiring in 20 years:		
Male non-pensioner now aged 40	29	28
Female non-pensioner now aged 40	32	32

18 **PENSION COSTS (Continued)**

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

	2013	2012
	£'000	£'000
Current service cost	956	770
Interest cost	3,842	3,844
Expected return on scheme assets	(4,548)	(4,549)
	250	65

Of the charge for the year, £706,000 (2012 : £705,000) has been included in interest receivable, and £956,000 (2012 : £770,000) in administrative expenses. Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The return on scheme assets was £6,709,000 (2012 : £7,958,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a deficit of £13,079,000 (2012 : deficit of £9,786,000).

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

	2013	2012
	£'000	£'000
Present value of defined benefit obligations	92,154	85,073
Less fair value of scheme assets	(91,878)	(85,804)
Deficit/(Surplus) in scheme	276	(731)
Related deferred tax (Note 14)	(55)	168
Net Pension liability	221	(563)

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

	2013	2012
	£'000	£'000
At 1 January	85,073	80,785
Service cost	956	770
Interest cost	3,842	3,844
Contributions from scheme members	34	37
Actuarial loss	5,454	2,673
Benefits paid	(3,205)	(3,036)
At 31 December	92,154	85,073

18 PENSION COSTS (Continued)

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

	2013 £'000	2012 £'000
At 1 January	85,804	78,235
Expected return on scheme assets	4,548	4,549
Actuarial gain	2,161	3,409
Contributions from the sponsoring companies	2,536	2,610
Contributions from scheme members	34	37
Benefits paid	(3,205)	(3,036)
At 31 December	91,878	85,804

	Expected return		% of total plan assets	
	2013 % pa	2012 % pa	2013 %	2012 %
Equity instruments	7.70%	7.45%	38.00%	37.00%
Property	6.95%	6.65%	14.00%	11.00%
Index linked - UK gilts	3.20%	2.20%	7.00%	7.00%
Fixed Interest - Other	4.25%	3.50%	27.00%	31.00%
Cash	3.30%	2.45%	1.00%	1.00%
Diversified growth fund	4.65%	4.55%	13.00%	13.00%

The five year history of experience adjustments is as follows:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme liabilities	92,154	85,073	80,785	69,528	68,005
Fair value of scheme assets	91,878	85,804	78,235	75,458	66,394
Experience adjustments on scheme liabilities	(219)	1,649	(462)	1,035	1,447
Percentage of scheme liabilities (%)	(0.2%)	1.9%	(0.6%)	1.5%	2.1%
Experience adjustments on scheme assets	2,161	3,409	(3,207)	4,649	7,260
Percentage of scheme assets (%)	2.4%	4.0%	(4.1%)	6.2%	10.9%

18 PENSION COSTS

UPS Shared Cost Section of the Railways Pension Scheme

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

The Plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The Plan is closed to new entrants. An approximate actuarial valuation of the Plan was carried out by a qualified independent actuary as at 31 December 2013.

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

Key assumptions used:	Valuation at	
	2013	2012
Discount rate	4.45%	4.55%
Expected return on scheme assets	4.34%	3.40%
Expected rate of salary increases	3.55%	3.15%
Future pension increases	2.10%	2.10%
Inflation	3.30%	2.90%

Mortality Assumptions

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

		2013	2012
Retiring today:			
Males:	Pension under £9,300 (2011: £9,300) pa, or pensionable pay under £35,000 (2011: £35,000) pa	21	21
	Others	23	23
Females:	Pension under £3,300 (2011: £3,300) pa, or pensionable pay under £35,000 (2011: £35,000) pa	23	23
	Others	25	25
Retiring in 20 years:			
Males:	Pension under £9,300 (2011: £9,300) pa, or pensionable pay under £35,000 (2011: £35,000) pa	23	23
	Others	25	25
Females:	Pension under £3,300 (2011: £3,300) pa, or pensionable pay under £35,000 (2011: £35,000) pa	25	25
	Others	27	27

18 **PENSION COSTS (Continued)**

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

	2013	2012
	£'000	£'000
Current service cost	10	10
Interest cost	490	460
Expected return on scheme assets	(650)	(900)
Loss due to effect of limit on recoverable assets	150	430
	-	-

The return on scheme assets was £540,000 (2012 : £440,000).

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

	2013	2012
	£'000	£'000
Present value of defined benefit obligations	18,760	18,310
Less fair value	(32,150)	(31,910)
Surplus in scheme	(13,390)	(13,600)
Adjustment for the members' share of (surplus)/deficit	5,360	5,440
Irrecoverable surplus	7,970	8,100
Related deferred tax (Note 14)	12	20
Net Pension Asset	(48)	(40)

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

	2013	2012
	£'000	£'000
At 1 January	18,310	16,370
Service cost	10	10
Interest cost	820	770
Actuarial loss	270	1,770
Benefits paid	(650)	(610)
At 31 December	18,760	18,310

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

	2013	2012
	£'000	£'000
At 1 January	31,910	31,780
Expected return on scheme assets	1,080	1,500
Actuarial loss	(190)	(760)
Contributions from the sponsoring companies	-	-
Benefits paid	(650)	(610)
At 31 December	32,150	31,910

18 PENSION COSTS (Continued)

	Expected return		Value at 31 December	
	2013	2012	2013	2012
	% pa	% pa	£'000	£'000
Equity instruments	7.70%	7.45%	6,640	6,330
Government bonds	3.25%	2.20%	20,010	21,600
Non-Government bonds	4.25%	3.50%	5,440	3,960
Other assets	3.30%	2.45%	60	20

The five year history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme liabilities	18,760	18,310	16,370	15,640	16,710
Fair value of scheme assets	32,150	31,910	31,780	27,700	25,380
Experience adjustments on scheme liabilities	(10)	33	90	310	(10)
Percentage of scheme liabilities (%)	(0.1%)	0.2%	0.5%	2.0%	(0.1%)
Experience adjustments on scheme assets	110	460	(1,890)	(940)	(540)
Percentage of scheme assets (%)	0.3%	1.4%	(5.9%)	(3.4%)	(2.1%)

19 FINANCIAL COMMITMENTS

	2013	2012
	£'000	£'000
Capital Commitments		
Authorised but not yet contracted for:	2,950	506

Operating lease commitments

At 31 December 2013 the company and group had commitments during the next financial year in respect of non-cancellable operating leases as follows:

	Land & buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expiring within 1 year	979	702	436	361
Expiring during years 2 to 5	3,971	3,754	210	1,193
Expiring thereafter	3,509	4,190	-	-
	8,459	8,646	646	1,554

20 CONTINGENT LIABILITIES

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

At the year end, the company has in issue 1 Bond and Guarantee in favour of HM Customs & Excise for £17,500,000. (2012: £33,000,000).

21 RELATED PARTY TRANSACTIONS

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

22 ULTIMATE PARENT UNDERTAKING

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

UPS (UK Holding) Limited has taken advantage of the exemption granted under section 228A of the Companies Act 2006 not to produce group accounts.

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