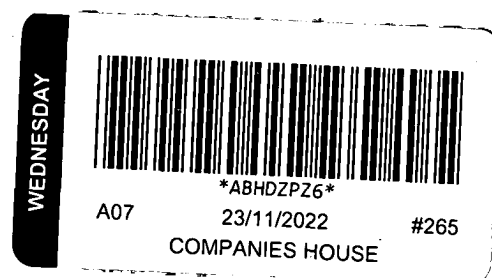


Registration number: 01933173

# UPS Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2021



## **UPS Limited**

### **Contents**

<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2 to 4</b>
<b>Directors' Report</b>	<b>5 to 11</b>
<b>Statement of Directors' Responsibilities</b>	<b>12</b>
<b>Independent Auditor's Report</b>	<b>13 to 16</b>
<b>Profit and Loss Account</b>	<b>17</b>
<b>Statement of Comprehensive Income</b>	<b>18</b>
<b>Balance Sheet</b>	<b>19</b>
<b>Statement of Changes in Equity</b>	<b>20</b>
<b>Notes to the Financial Statements</b>	<b>21 to 47</b>

**UPS Limited**

**Company Information**

<b>Directors</b>	Peter Kingsley Dunstan
	Peter Raoul Stewardson
	Daniel Carrera Garcia
	Richard Stuart Fletcher
<b>Company secretary</b>	Peter Kingsley Dunstan
<b>Registered office</b>	UPS House Forest Road Feltham Middlesex TW13 7DY
<b>Solicitors</b>	Clyde & Co Beaufort House 15 St Botolph Street London EC3A 7AR
<b>Bankers</b>	HSBC plc City of London Offices 62-76 Park Street London SE1 9WP
<b>Auditors</b>	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2

## UPS Limited

### Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

#### Principal activity

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

#### Fair review of the business

Turnover has increased due to the move to online shopping driven by the Coronavirus pandemic and the shift to online shopping. The Directors expect the pace of growth to slow in 2022 due to a partial reversal of consumer shopping behaviours post-pandemic, but still expect long-term growth from the ecommerce market.

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

	Unit	2021	2020
Turnover	£'000	1,238,579	1,157,938
Gross profit	£'000	299,082	280,467
Operating profit	£'000	91,207	118,614
Gross profit margin	%	24	24
Operating profit margin	%	7	10

#### Principal risks and uncertainties

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

The principal risks and uncertainties facing the Company are:

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

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

## **UPS Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Brexit**

The Directors have considered the effects of Brexit and the resulting impact of an increased degree of market uncertainty on the Company. In January 2021, Brexit came into effect. The ultimate impact of Brexit will depend on evolving factors, many of which are not within the Company's control. These risks include, but are not limited to significant increase in trading costs, border delays and net profitability due to long term changes in the Company's exports and imports. These financial statements have been prepared as of, and for year ended 31 December 2021, and reflects events subsequent to that date that provide additional evidence of conditions that existed at the end of the reporting period. The Company is actively monitoring these events and as of the date of approval of the financial statements, there has been no significant impact on the business. No adjustments have been made to the financial statements for the year ended 31 December 2021.

#### **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 s172, the Directors of the Company have given regard, among other things, to the following:

#### **Decision making process**

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

#### **Employees**

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

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

## UPS Limited

### Strategic Report for the Year Ended 31 December 2021 (continued)

#### Section 172 statement (continued)

##### Environment and communities

The Directors recognize the importance of community engagement and the need to make a positive impact on the environment. In 2016, the UPS group committed to achieving 10 sustainability goals, more details of which can be found in the Corporate Sustainability report. Recent achievements in the Group's sustainability efforts include a 31% ethnically diverse members on the Board of Directors, 46% women on Board of Directors, a published annual EEO-1 report, first task force on Climate-related financial Disclosures (TCFD) report in 2021 and a newly appointed position chief DEI officer. More details of each can be found in the Group's sustainability report and the Group's dedicated sustainability website- <https://sustainability.ups.com>.

##### Customers, suppliers, consultants and partners

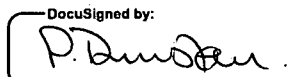
The Company understands that its success is underpinned by a loyal customer base. As enshrined in the Company's Code of Conduct, the Directors aim to secure and develop customer relationships fairly and on the basis of superior services and products and competitive prices. Directors will continually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

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

##### 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 11/10/2022 | 3:09 AM PST  
2022 and signed on its behalf by:

DocuSigned by:  
  
71CB27C004C540E  
Peter Kingsley Dunstan  
Company Secretary and Director

## UPS Limited

### Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

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

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

Peter Raoul Stewardson

Matthew Parkinson - Company secretary and Director (appointed 1 March 2021 and resigned 1 February 2022)

Bram Matthew Welsh - Company secretary and Director (resigned 1 March 2021)

James O'Gara (appointed 1 March 2021 and resigned 1 May 2022)

Louis Anthony Rivieccio Jr (resigned 1 March 2021)

Mark Simon Vale (resigned 8 February 2021)

Daniel Carrera Garcia (appointed 1 March 2021)

The following Directors were appointed after the year end:

Peter Kingsley Dunstan - Company secretary and Director (appointed 1 February 2022)

Richard Stuart Fletcher - Director (appointed 1 May 2022)

#### **Financial risk management**

##### ***Objectives and policies***

The Company is exposed to price risks, including market, currency and interest rate risk, along with credit, liquidity, cash flow, and regulatory risk. Financial assets that expose the Company to financial risk consist principally of cash, trade receivables and other receivables. Financial liabilities that expose the Company to financial risk consist principally of trade payables and other payables.

The Company's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products offered.

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

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

##### **Credit risk**

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

##### **Liquidity risk**

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

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

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

## **UPS Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **COVID-19**

COVID-19 pandemic continues to affect the global economic market, at this stage, the impact on the business results has not been adverse to the Company. The Company will continue to follow the various government policies and advice and, in parallel the Company will do its utmost to continue the operations in the best and safest way possible without jeopardizing the health of employees or customers. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company believes that it is well positioned for long-term growth, however the Company cannot reasonably estimate the duration or severity of the COVID-19 pandemic or the timing and extent of the anticipated economic recovery, and the resulting impacts on the Company's business results or liquidity.

#### **Political donations**

There were no political donations from the Company for the financial year end 31 December 2021 (2020:£Nil). There were no charitable donations for the financial year end 31 December 2021 (2020:£Nil).

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

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

#### **Future developments**

The Directors expect the general level of activity to remain consistent with 2021 in the forthcoming year. However, the future economic performance of the UK market may potentially affect the business.

#### **Stakeholder engagement**

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

#### **Employee engagement**

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



## **UPS Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **Statement of corporate governance arrangements**

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

For the year ended 31 December 2021, the Company has not adopted an externally published corporate governance code. Instead, the Company follows the well-established corporate governance practices and policies determined by the UPS Group, ultimately owned by UPS Inc.. This is designed to ensure, among other things, a harmonised approach to corporate governance within and across the UPS Group.

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

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

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

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

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

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

## UPS Limited

### Directors' Report for the Year Ended 31 December 2021 (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 of August 2022 and, the Company is in a net profit and asset position. The Company's performance is in line with expectation and, the Directors do not foresee going concern issues.

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

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

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

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

#### Directors' liabilities

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

#### Modern Slavery Statement

This slavery and human trafficking statement is made pursuant to section 54 of the Modern Slavery Act 2015 (UK) for the financial year ending 31 December 2021. The statement sets out the steps the Company has taken to ensure that slavery and human trafficking are not taking place in any part of their businesses or in their supply chains.

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

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

#### About UPS

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

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

- UPS was named in 2021 as best place to work for Disability inclusion by the Disability Equality Index;
- UPS was included in the list of the 50 most community minded companies in the US by the Civic 50 annual survey in 2021;

## UPS Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### About UPS (continued)

- named in 2021 as a best place to work for LGBT equality by the Human Rights Campaign's (HRC) Corporate Equality Index (<https://www.hrc.org/resources/best-places-to-work-for-lgbtq-equality-2021>); and
- in 2021, UPS was listed in the top 10 of companies that support their communities by Harris Poll's annual study. (<https://about.ups.com/mx/en/newsroom/awards-and-recognition.html>).

The UPS Foundation (<https://sustainability.ups.com/the-ups-foundation/>) leads UPS's global citizenship efforts and philanthropy with a mission to help build stronger, safer, and more resilient communities around the world. The UPS Foundation's philanthropic approach centres on four focus areas that reflect the Foundation's mission and UPS corporate values and expertise: Diversity & Inclusion, Environmental Sustainability, Community Safety and Volunteerism.

#### Our Supply Chains

UPS's supply chains are complex and global, with UPS managing the flow of goods, funds and information in more than 200 countries and territories worldwide and on a daily basis.

UPS relies on a global network of employees, agents, local business partners, and suppliers. The group employs approximately 534,000 individuals worldwide (444,000 in the US and 90,000 internationally).

#### Relevant Policies

UPS has in place a Code of Business Conduct ([https://www.ups.com/content/corp/code\\_conduct.html](https://www.ups.com/content/corp/code_conduct.html)) (the "Code") that applies to all employees and representatives of UPS. It requires, among other things, compliance with national and local laws and the reporting of any violations of such laws and UPS business standards. The Code includes recognition of basic human rights, such as equality among people, employee well-being and security, personal freedom from persecution, and economic, social and cultural freedom.

The UPS Diversity and Inclusion Policy (<https://sustainability.ups.com/resources/policies-and-procedures/>) includes a focus on ensuring UPS practices objective and careful hiring methods, compensating employees fairly, and ensuring safe working environments are maintained. In addition, UPS, through its Professional Conduct and Anti-Harassment Policy (<https://sustainability.ups.com/resources/policies-and-procedures/>), prohibits harassment based on race, national origin, sex, gender identity, sexual orientation, age, disability, or religion.

#### Next Steps

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

#### Energy and carbon reporting

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

## UPS Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### Energy and carbon reporting (continued)

SECR INVENTORY	for the year ended 2021	for the year ended 2020
Energy consumption used to calculate tCO <sub>2</sub> e:/kWh	1,059,691,919.00	1,053,572,225.00
Scope 1: Emissions from Gas & Transport tCO <sub>2</sub> e	270,337.00	265,824.00
Scope 2: Emissions from purchased electricity tCO <sub>2</sub> e (location-based)	5,113.00	5,190.00
Scope 3: Emissions from Business travel in rental cars or employee-owned vehicles tCO <sub>2</sub> e	135.00	159.00
<b>Total tCO<sub>2</sub>e based on above</b>	<b>275,585.00</b>	<b>271,173.00</b>
<b>Intensity Ratio</b>	<b>222.50</b>	<b>234.20</b>
<b>Values to calc. Intensity Metric</b>		
1) Sales Turnover £000,000	1,238.58	1,157.90

#### Methodology

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

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

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

#### Energy efficiency actions taken

The Company aims to reduce over the coming years both its energy use and carbon emissions. UPS Limited has taken a number of steps to improve energy efficiency, which include; moving part of its fleet towards electric vehicles and using more energy efficient lighting in the buildings.

#### Events after the financial reporting date

Subsequent to the balance sheet date of December 31, 2021, 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 the Company's operations are also uncertain and difficult to predict. As of the date these financial statements were issued, the conflict has not had a material impact to UPS Limited; however, the Company continues to monitor the situation for further developments. There has been no other significant events affecting the company since the financial year end.

## UPS Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### 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

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

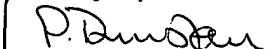
#### Dividends

During the year, the Company declared and paid a dividend of £4,000,000 for the year ended 2021 (2020: £Nil) to its parent company, UPS (UK) Holding Limited.

11/10/2022 | 3:09 AM PST

Approved by the Board on ..... 2022 and signed on its behalf by:

DocuSigned by:



.....71CB27C004C548E.....

Peter Kingsley Dunstan  
Company Secretary and Director

## **UPS 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 LIMITED

### Report on the audit of the financial statements

#### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 29.

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

#### Basis for opinion

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

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

### **Other information (continued)**

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.

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 about their own identification and assessment of the risks of irregularities.

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

*Continued on next page/*



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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; 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 risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

We have nothing to report in respect of these matters.

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

### **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.



Ian Whitefoot (Senior statutory auditor)  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

17 November 2022

**UPS Limited****Profit and Loss Account for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Turnover	4	1,238,579	1,157,938
Cost of sales		<u>(939,497)</u>	<u>(877,471)</u>
Gross profit		299,082	280,467
Administrative expenses		(209,564)	(161,853)
Other operating income	5	<u>1,689</u>	<u>-</u>
Operating profit	6	<u>91,207</u>	<u>118,614</u>
Other interest receivable and similar income	7	17	68
Interest payable and similar expenses	8	<u>(20)</u>	<u>(722)</u>
		<u>(3)</u>	<u>(654)</u>
Profit before tax		91,204	117,960
Taxation	12	<u>(27,495)</u>	<u>(23,760)</u>
Profit for the financial year		<u>63,709</u>	<u>94,200</u>

The above results were derived from continuing operations.

The notes on pages 21 to 47 form an integral part of these financial statements.

**UPS Limited****Statement of Comprehensive Income for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Profit for the year		63,709	94,200
Remeasurement gain/(loss) on defined pension schemes before tax		54,578	(6,532)
Change in irrecoverable surplus in defined benefit pension scheme		-	(590)
Deferred tax effect	12	(9,427)	2,616
Total comprehensive income for the year		<u>108,860</u>	<u>89,694</u>


## UPS Limited

(Registration number: 01933173)  
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
<b>Fixed assets</b>			
Tangible assets	13	387,528	394,516
Investments	14	<u>42,793</u>	<u>42,793</u>
		<u>430,321</u>	<u>437,309</u>
<b>Current assets</b>			
Stocks	15	3,387	3,717
Debtors	16	509,327	407,586
Cash and cash equivalents	17	<u>1,009</u>	<u>3,232</u>
		513,723	414,535
<b>Creditors: Amounts falling due within one year</b>	18	<u>(334,475)</u>	<u>(308,174)</u>
<b>Net current assets</b>		<u>179,248</u>	<u>106,361</u>
<b>Total assets less current liabilities</b>		609,569	543,670
<b>Provisions for liabilities</b>	19	<u>(13,301)</u>	<u>(12,927)</u>
<b>Net assets excluding pension asset</b>		596,268	530,743
<b>Net pension asset</b>	20	<u>39,612</u>	<u>277</u>
<b>Net assets</b>		<u>635,880</u>	<u>531,020</u>
<b>Capital and reserves</b>			
Called up share capital	21	2	2
Share premium reserve	22	196,952	196,952
Other reserves	22	(72,263)	(72,263)
Profit and loss account	22	<u>511,189</u>	<u>406,329</u>
<b>Total equity</b>		<u>635,880</u>	<u>531,020</u>

11/10/2022 | 3:09 AM PST

Approved and authorised by the Board on ..... 2022 and signed on its behalf by:

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

## UPS Limited

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £ 000	Share premium reserve £ 000	Other reserves* £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	2	196,952	(72,263)	316,635	441,326
Profit for the year	-	-	-	94,200	94,200
Other comprehensive expense	-	-	-	(4,506)	(4,506)
Total comprehensive income	-	-	-	89,694	89,694
At 31 December 2020	2	196,952	(72,263)	406,329	531,020
	Called up share capital £ 000	Share premium reserve £ 000	Other reserves* £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	2	196,952	(72,263)	406,329	531,020
Profit for the year	-	-	-	63,709	63,709
Other comprehensive income	-	-	-	45,151	45,151
Total comprehensive income	-	-	-	108,860	108,860
Dividends	-	-	-	(4,000)	(4,000)
At 31 December 2021	2	196,952	(72,263)	511,189	635,880

\*Refer note 22.

The notes on pages 21 to 47 form an integral part of these financial statements.  
Page 20

## **UPS Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The address of its registered office is:

UPS House  
Forest Road  
Feltham  
Middlesex  
TW13 7DY

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

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

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

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

##### **Summary of disclosure exemptions**

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

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

##### **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.

## **UPS Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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

##### **Going concern (continued)**

The Directors have reviewed the unaudited post year end results of August 2022 and, the Company is in a net profit and asset position. The Company's performance is in line with expectation and, the Directors do not foresee going concern issues.

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

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

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

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

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

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

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

##### **Turnover**

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

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

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

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



## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### **Tax**

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

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

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

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

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

##### **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	Straight Line: 20-40 years
Leasehold improvements	Over the term of the lease
Other property, plant and equipment	Straight Line: 3-11 years

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

##### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

##### **Investments**

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

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### 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.

##### 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.

##### Stocks

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

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

##### Trade creditors

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

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

##### Provisions

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

##### 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.

## **UPS Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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

##### **Leases**

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

##### **Defined contribution pension obligation**

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

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

##### **Defined benefit pension obligation**

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

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

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

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

##### **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 Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty

##### Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### Retirement benefit obligations

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

##### Useful economic lives of tangible assets

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

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

#### 4 Turnover

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

	2021 £ 000	2020 £ 000
Rendering of services	1,238,579	1,157,938

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

	2021 £ 000	2020 £ 000
UK	401,634	343,121
Europe	508,854	507,387
Rest of world	328,091	307,430
	1,238,579	1,157,938

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 5 Other operating income

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

	2021 £ 000	2020 £ 000
Miscellaneous other operating income	<u>1,689</u>	<u>          </u>

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

#### 6 Operating profit

Arrived at after charging

	2021 £ 000	2020 £ 000
Depreciation expense	26,198	20,234
Foreign exchange losses	294	1,316
Loss on disposal of property, plant and equipment	<u>213</u>	<u>60</u>

#### 7 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Other finance income	<u>17</u>	<u>68</u>

#### 8 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest expense on other finance liabilities	<u>20</u>	<u>722</u>

Unwinding of discounts on provisions for the year amounts to £(690k) (2020: £453k).

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 9 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	244,761	223,659
Social security costs	23,318	21,098
Pension costs, defined contribution scheme	5,063	4,947
	<u>273,142</u>	<u>249,704</u>

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

	2021 No.	2020 No.
Administration and support	3,551	3,581
Other departments	6,023	4,943
	<u>9,574</u>	<u>8,524</u>

#### 10 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	435	555
Social security costs	371	94
Pension costs	105	87
Long term incentive	893	96
	<u>1,804</u>	<u>832</u>

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Wages and salaries	198	251
Social security costs	210	94
Pension costs	68	87
Long term incentive	378	96
	<u>854</u>	<u>528</u>

# UPS Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 11 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	148	144

### 12 Taxation

#### Tax charged in the Profit and Loss Account

	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
UK corporation tax	20,345	21,820
UK corporation tax adjustment to prior periods	(1,244)	(2,673)
	<u>19,101</u>	<u>19,147</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(1,136)	1,514
Adjustment in respect of prior periods	1,097	656
Effect of changes in tax rates	8,433	2,443
	<u>8,394</u>	<u>4,613</u>
<b>Total deferred taxation</b>		
	<u>27,495</u>	<u>23,760</u>
<b>Tax expense in the Profit and Loss Account</b>		
	<u>27,495</u>	<u>23,760</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	91,204	117,960
Corporation tax at standard rate	17,329	22,412
Effect of changes in tax rates	8,433	2,443
Adjustment in respect of prior periods	(147)	(2,017)
Expenses not deductible	2,201	922
Income not taxable	(321)	-
<b>Total tax charge for the year</b>	<u>27,495</u>	<u>23,760</u>

**UPS Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**12 Taxation (continued)**

**Deferred tax**

<b>2021</b>	<b>Asset/(Liability)</b>
	<b>£ 000</b>
Accelerated tax depreciation	(16,450)
Other timing differences	2,019
Deferred tax on pension	(13,204)
Rolled over gain	(1,556)
	<u>(29,191)</u>
 <b>2020</b>	 <b>Asset/(Liability)</b>
	<b>£ 000</b>
Accelerated tax depreciation	(10,298)
Other timing differences	176
Deferred tax on pension	(65)
Rolled over gain	(1,183)
Other adjustment	1
	<u>(11,369)</u>

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%.

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 2021.



# UPS Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 12 Taxation (continued)

#### Deferred tax liability

	2021 £ 000	2020 £ 000
At beginning of financial year	(11,369)	(9,372)
Profit and Loss Account	(7,297)	(3,957)
Other Comprehensive Income	(9,427)	2,616
Adjustment in respect of prior years	(1,097)	(656)
Other adjustment	(1)	-
Closing (Liability)	<u>(29,191)</u>	<u>(11,369)</u>

### 13 Tangible assets

	Land and buildings £ 000	Properties under construction £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2021	189,217	111,164	279,339	579,720
Additions	-	7,008	12,873	19,881
Reclassifications^	54,577	(113,030)	58,453	-
Disposals	-	-	(7,803)	(7,803)
Other adjustment*	-	-	(256)	(256)
At 31 December 2021	<u>243,794</u>	<u>5,142</u>	<u>342,606</u>	<u>591,542</u>
<b>Depreciation</b>				
At 1 January 2021	28,969	-	156,235	185,204
Charge for the year	4,526	-	21,672	26,198
Eliminated on disposal	-	-	(7,609)	(7,609)
Other adjustment*	116	-	105	221
At 31 December 2021	<u>33,611</u>	<u>-</u>	<u>170,403</u>	<u>204,014</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>210,183</u>	<u>5,142</u>	<u>172,203</u>	<u>387,528</u>
At 31 December 2020	<u>160,248</u>	<u>111,164</u>	<u>123,104</u>	<u>394,516</u>

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 13 Tangible assets (continued)

Included within the net book value of land and buildings above is £164,915,627 (2020: £114,642,329) in respect of freehold land and buildings and £3,159,569 (2020: £3,453,343) in respect of long leasehold land and buildings.

\* the amount represents net adjustment made during the year in relation to the assets expensed off which were incorrectly capitalized in the prior year.

^ reclassification represents the expanded air hub at East Midlands Airport that was officially opened in the year.

#### 14 Investments

	2021 £ 000	2020 £ 000
Investments in subsidiaries	42,793	42,793
<b>Subsidiaries</b>		<b>£ 000</b>
<b>Cost or valuation</b>		
At 1 January 2021		42,793
Additions		-
At 31 December 2021		42,793
<b>Carrying amount</b>		
At 31 December 2021		42,793
At 31 December 2020		42,793

#### Details of undertakings

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

Undertaking			Registered office	Holding	Proportion of voting rights and shares held	
					2021	2020
Subsidiary undertakings						
UPS SGP Limited			Guernsey, Great Britain	Ordinary share	100%	100%
UPS Pension Trustees Limited			United Kingdom	Ordinary share	100%	100%

The principal activity of UPS SGP Limited is Property Development.

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments (continued)

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

#### 15 Stocks

	2021 £ 000	2020 £ 000
Raw materials and consumables	<u>3,387</u>	<u>3,717</u>

#### 16 Debtors

	Note	2021 £ 000	2020 £ 000
Trade debtors		247,440	154,353
Amounts owed by related parties	26	244,642	249,983
Other debtors		13,560	1,886
Prepayments		1,996	1,364
Research and development tax credit		<u>1,689</u>	<u>1,689</u>
		<u>509,327</u>	<u>407,586</u>

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

#### 17 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	<u>1,009</u>	<u>3,232</u>

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

## UPS Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 18 Creditors

	Note	2021 £ 000	2020 £ 000
<b>Due within one year</b>			
Trade creditors		29,324	17,815
Amounts due to related parties	26	175,324	182,300
Social security and other taxes		48,319	53,515
Deferred tax liability	12	29,191	11,369
Other creditors		2,497	4,090
Accruals		27,295	28,151
Corporation tax liability	12	22,525	10,934
		<u>334,475</u>	<u>308,174</u>

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

## 19 Provisions for liabilities

	Provision dilapidations £ 000	Third party & employer liability claims provision £ 000	Total £ 000
At 1 January 2021	6,102	6,825	12,927
Provisions (utilised)/created	<u>565</u>	<u>(191)</u>	<u>374</u>
At 31 December 2021	<u>6,667</u>	<u>6,634</u>	<u>13,301</u>

## Provision for dilapidations:

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

## Third party and employer liability claims provision and related recoveries:

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

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

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 19 Provisions for liabilities (continued)

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

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

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

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

#### 20 Pension and other schemes

	UPS	Lynx	Railway	Total
	£ 000	£ 000	£ 000	£ 000
<b>2021</b>				
Opening (Liability)/Asset	(19,591)	19,723	210	342
Statement of Comprehensive Income credit	33,686	20,872	20	54,578
Profit and Loss charge	(3,876)	(1,147)	(40)	(5,063)
Employer contributions	2,077	882	-	2,959
Closing Asset	12,296	40,330	190	52,816
Deferred tax liability	(3,074)	(10,083)	(47)	(13,204)
Net Pension Asset	9,222	30,247	143	39,612

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

	UPS	Lynx	Railway	Total
	£ 000	£ 000	£ 000	£ 000
<b>2020</b>				
Opening (Liability)/Asset	(11,137)	19,959	210	9,032
Statement of Comprehensive Income (charge)/credit	(7,025)	(137)	40	(7,122)
Profit and Loss charge	(3,900)	(1,007)	(40)	(4,947)
Employer contributions	2,471	908	-	3,379
Closing (liability)/asset	(19,591)	19,723	210	342
Deferred tax asset/(liability)	3,722	(3,747)	(40)	(65)
Net Pension (liability)/asset	(15,869)	15,976	170	277

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

#### Defined benefit pension schemes

##### UPS

The Company operates in a defined benefit ("DB") scheme for qualifying employees in UPS Limited. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by Mr David Broadbent FIA, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method.

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

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

The total cost relating to defined benefit scheme (UPS scheme) for the year recognised in profit or loss as an expense was £3,876,000 (2020: £3,900,000).

## UPS Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 20 Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## UPS (continued)

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

The amounts recognised in the Balance Sheet are as follows:

	2021	2020
	£ 000	£ 000
Fair value of scheme assets	286,184	262,530
Present value of defined benefit obligation	(273,888)	(282,121)
	12,296	(19,591)
Deferred tax (liability)/asset	(3,074)	3,722
Defined benefit pension scheme surplus/(deficit)	9,222	(15,869)

*Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021
	£ 000
Present value at start of year	282,121
Current employer service cost	3,849
Interest cost	419
Actuarial losses	(7,565)
Benefits paid	(5,011)
Contribution by Plan participants	75
Present value at end of year	273,888

*Fair value of scheme assets*

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

	2021
	£ 000
Fair value at start of year	262,530
Interest income	392
Return on plan assets, excluding amounts included in interest income	26,121
Employer contributions	2,077
Contributions by scheme participants	75
Benefits paid	(5,011)
Fair value at end of year	286,184

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### UPS (continued)

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	2021	2020
	£ 000	£ 000
Cash and Net current assets	37,863	19,570
Equities	99,032	107,547
Property	68,992	62,050
Direct Infrastructure	11,580	7,676
Direct Lending	12,007	9,044
Absolute return bonds	7,190	9,120
Liability Driven Investment	48,801	46,900
UPS Tier 1 Fund Value	719	623
	<u>286,184</u>	<u>262,530</u>

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

##### *Principal actuarial assumptions*

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

	2021	2020
	%	%
Discount rate	1.80	1.25
Pension increase	3.10	2.70
Salary Increase	3.50	2.95
Inflation (RPI)	3.25	2.70
Inflation (CPI)	<u>2.95</u>	<u>2.15</u>



## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### UPS (continued)

##### *Post retirement mortality assumptions*

	2021	2020
	Years	Years
Current UK pensioners at retirement age - male	21.8	21.7
Current UK pensioners at retirement age - female	24.4	23.4
Future UK pensioners at retirement age - male	23.5	23.4
Future UK pensioners at retirement age - female	25.9	25.1

##### **Lynx**

The Company operates in a defined benefit scheme for qualifying employees in UPS Limited. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by Mr David Broadbent FIA, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method. The plan is now closed.

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

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

The total cost relating to defined benefit scheme (Lynx scheme) for the year recognised in profit or loss as an expense was £1,147,000 (2020: £1,007,000).

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### Lynx (continued)

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

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

	2021 £ 000	2020 £ 000
Fair value of scheme assets	197,327	182,658
Present value of defined benefit obligation	<u>(156,997)</u>	<u>(162,935)</u>
	40,330	19,723
Deferred tax liability	<u>(10,083)</u>	<u>(3,747)</u>
Defined benefit pension scheme surplus	<u>30,247</u>	<u>15,976</u>

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021 £ 000
Present value at start of year	162,935
Current employer service cost	1,177
Interest cost	241
Actuarial losses	(3,097)
Benefits paid	(4,273)
Contribution by Plan participants	<u>14</u>
Present value at end of year	<u>156,997</u>

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

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

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### Lynx (continued)

##### *Fair value of scheme assets*

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

	2021 £ 000
Fair value at start of year	182,658
Interest income	271
Return on plan assets, excluding amounts included in interest income	17,775
Employer contributions	882
Contributions by scheme participants	14
Benefits paid	(4,273)
Fair value at end of year	<u>197,327</u>

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Cash and Net current assets	22,995	9,402
Equities	70,758	76,976
Other assets	12,447	13,814
Property	40,118	36,284
UK Corporate Bonds	15,418	16,174
Direct Infrastructure	7,601	5,038
Liability Driven Investments	28,709	25,593
UPS Tier 1 Fund Value	(719)	(623)
	<u>197,327</u>	<u>182,658</u>

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

**UPS Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

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

**Defined benefit pension schemes (continued)**

**Lynx (continued)**

***Principal actuarial assumptions***

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

	<b>2021</b>	<b>2020</b>
	%	%
Discount rate	1.80	1.25
Pension increases	3.25	2.70
Salary Increases	3.50	2.95
Inflation (CPI)	2.95	2.15

***Post retirement mortality assumptions***

	<b>2021</b>	<b>2020</b>
	Years	Years
Current UK pensioners at retirement age - male	21.8	21.7
Current UK pensioners at retirement age - female	24.4	23.4
Future UK pensioners at retirement age - male	23.5	23.4
Future UK pensioners at retirement age - female	25.9	25.1

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### Railways Pension Scheme

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

The plan is a defined benefit plan providing benefits that are linked to salary near retirement or earlier date of leaving service. The plan is closed to new entrants.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by Mr Paul Whelan, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were all measured using the projected unit credit method.

The valuation used has been based on the most recent formal actuarial valuation at 31 December 2019 and was updated to take account of the requirements of FRS 102 and the assumptions set out below in order to assess the liabilities of the schemes at 31 December 2021. Plan assets are stated at their fair values at the respective Balance Sheet dates.

The total cost relating to defined benefit scheme (Railway scheme) for the year recognised in profit or loss as an expense was £40,000 (2020: £40,000).

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

The amounts recognised in the Balance Sheet are as follows:

	2021 £ 000	2020 £ 000
Fair value of scheme assets	39,220	40,900
Present value of defined benefit obligation	<u>(25,930)</u>	<u>(28,440)</u>
	13,290	12,460
Members share of surplus	(5,320)	(4,980)
Effect of asset ceiling	<u>(7,780)</u>	<u>(7,270)</u>
	190	210
Deferred tax liability	<u>(47)</u>	<u>(40)</u>
Defined benefit pension scheme surplus	<u><u>143</u></u>	<u><u>170</u></u>

## UPS Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

## 20 Pension and other schemes (continued)

## Defined benefit pension schemes (continued)

## Railway Pension Scheme (continued)

*Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021 £ 000
Present value at start of year	28,440
Current service cost	20
Interest cost	40
Actuarial losses	(220)
Benefits paid	(2,350)
Present value at end of year	<u>25,930</u>

*Fair value of scheme assets*

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

	2021 £ 000
Fair value at start of year	40,900
Interest income	60
Return on plan assets, excluding amounts included in interest income	670
Benefits paid	(2,350)
Administration cost	(60)
Fair value at end of year	<u>39,220</u>

*Analysis of assets*

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Equities	3,060	2,710
Other assets	10,840	10,340
Index Linked Gilts	25,160	27,660
UK Corporate Bonds	160	190
	<u>39,220</u>	<u>40,900</u>

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Pension and other schemes (continued)

##### Defined benefit pension schemes (continued)

##### Railway Pension Scheme (continued)

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

##### *Principal actuarial assumptions*

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

	2021 %	2020 %
Discount rate	1.80	1.20
Future salary increases	3.85	3.10
Future pension increases	3.15	2.75
Inflation (RPI)	<u>3.65</u>	<u>2.70</u>

#### 21 Share capital

##### Allotted, called up and fully paid shares

	No. 000	2021 £ 000	No. 000	2020 £ 000
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### 22 Reserves

##### *Called up share capital*

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

##### *Share premium reserve*

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

##### *Other reserves*

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

##### *Profit and loss account*

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

## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 22 Reserves (continued)

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

	£ 000
Remeasurement loss on defined benefit pension schemes (net of the effect of deferred tax)	45,151

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

	£ 000
Remeasurement gain on defined benefit pension schemes (net of the effect of deferred tax)	(4,506)

#### 23 Capital commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2020 - £10,939,136). The prior year amount relates to Properties Under Construction regarding the new hub being built at East Midlands Airport, which was scheduled for completion during March 2021.

#### 24 Operating lease commitments

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

	2021 £ 000	2020 £ 000
Within one year	11,269	9,714
Between one and five years	36,003	28,298
After five years	142,692	138,536
	<u>189,964</u>	<u>176,548</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £10,368,753 (2020: £10,165,313).

#### 25 Contingent liabilities

At 31 December 2021, the Company has in issue 1 Bond and Guarantee in favour of HM Customs and Excise for £8,600,000 (2020: £8,600,000).



## UPS Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 26 Related party transactions

##### Summary of transactions with other related parties

###### *Group membership and related party transactions*

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

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

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

#### 27 Parent and ultimate parent undertaking

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

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

The ultimate controlling party is United Parcel Service of America, Inc.

#### 28 Events after the financial reporting date

Subsequent to the balance sheet date of December 31, 2021, 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 the Company's operations are also uncertain and difficult to predict. As of the date these financial statements were issued, the conflict has not had a material impact to UPS Limited; however, the Company continues to monitor the situation for further developments. There has been no other significant events affecting the Company since the financial year end.

#### 29 Approval of the financial statements

These financial statements were approved by the directors on November 10<sup>th</sup> 2022.