

DHL Global Forwarding (UK) Limited

Registered number: 4056042

DHL Global Forwarding (UK) Limited

**Annual report and financial statements
For the year ended 31 December 2013**

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DHL Global Forwarding (UK) Limited
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DHL Global Forwarding (UK) Limited

Company information

Directors	Vari Cameron Steven Barker Jesper Nielsen (Resigned 21/05/2014) Remco Van Oerle (Appointed 21/05/2014)
Company secretary	Exel Secretarial Services Limited
Company number	4056042
Registered office	Magna House 18-32 London Road Staines Middlesex TW18 4BP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Middlesex Uxbridge UB8 1EX
Bankers	Deutsche Bank AG London 1 Great Winchester Street London EC2N 2DB Banque Paribas Plc 10 Harewood Avenue London NW1 6AA HSBC Bank Plc 8 Canada Square London E14 5XL

DHL Global Forwarding (UK) Limited

Strategic report

For the year ended 31 December 2013

The directors present their strategic report, annual reports and the audited financial statements of the company for the year ended 31 December 2013.

Objectives and strategies

The company is part of the world wide Global Forwarding division of Deutsche Post DHL. This division is responsible for air, ocean and road freight transport. Our freight forwarding services not only include standardised transport but also multimodal and sector-specific solutions as well as individualised Industrial Projects.

The key strategies for the company are to introduce a forward looking operating model and to achieve sustainable growth in a difficult market environment. These objectives will be achieved through a number of approaches including, developing new customer solutions, leveraging the comprehensive transport network which has been created by the group and simplifying and standardising our processes.

Business Model

Our business model is very asset-light, as it is based on the brokerage of transport services between our customers and freight carriers. This allows us to consolidate shipments and purchase cargo space at better conditions. Our global presence ensures network optimisation and the ability to meet the increasing demand for efficient routing and multimodal transport.

Our logistics solutions span the entire supply chain, from the factory to the shop floor. We store, deliver and collect the goods, handle customs formalities, and, insure the load. In this way we can ensure safety and reliability across national borders. Our customers come from companies of all sizes. They operate primarily in the technology, pharmaceutical, automotive, engineering & manufacturing, consumer and fashion & apparel sectors. We also contract for transport management services in order to combine all means of transport for our customers with the goal of reducing complexity, improving quality and lowering costs.

The key strategies for the company are to introduce a forward looking operating model and to achieve sustainable growth in a difficult market environment.

Future trends

We believe that the global market will grow. Advancing globalisation means that the logistics industry will continue to grow much faster than the individual national economies and the world economy as a whole. This is especially true of Asia, where trade flows will continue to increase both within the continent and to other regions.

The sustained trend towards outsourcing presents an additional opportunity for our Group. Especially in times of economic uncertainty, companies need to reduce costs and streamline business processes. This is why firms outsource activities that are not part of their core business. Supply chains are therefore becoming more complex and more international but are also more prone to disruptions. For this reason, customers want stable, integrated logistics solutions, which we can provide with our broad-based service portfolio. We see growth opportunities and a clear competitive advantage in this area.

Analysis of performance

The market environment in the year was challenging. In particular the airfreight market stagnated in 2013. According to IATA the global airline industry association, worldwide freight ton kilometres flown during the reporting year increased only 1.4%. Demand in the ocean freight industry also remained comparatively weak and rates were volatile

The company has identified the following 2 key financial performance indicators that are regarded as central to its future profitability. The actual performance against these indicators is shown with prior year comparatives.

	2014	2013
	%	%
(Decrease)/Growth in turnover	(5.7%)	1.0%
Gross profit percentage	19.2%	19.3%

In addition, the company monitors a number of other key performance indicators on a monthly basis. The measures focus on productivity, internal cost control and net working capital

The company's turnover from continuing operations decreased during the year by 5.7% (2012: 1.0% increase). Operating profit decreased by 9.5% (2012: 6.9% increase) on the previous year as a result of this. The overall decrease in profit before tax was 24.8% (2012: 18.0% increase).

The industry within which the company operates, continues to be highly competitive. The financial resources available to the company together with its UK branch network and the overseas network of other group companies, means it is also well positioned to capitalise on any improvements in the world economy.

Diversity

The company is an equal opportunities employer. The split of employees by gender is summarised below

	Male	Female
Directors	2	1
Senior Managers (excluding Directors)	4	1
Employees	721	400

Principal risks and uncertainties

As part of an internationally operating logistics group, we are faced with numerous challenges and uncertainties. Our aim is to identify the resulting opportunities and risks at an early stage and to manage them with the aim of achieving a sustained increase in enterprise value. The group wide opportunity and risk control system facilitates this aim. Every quarter, managers estimate the possible impact of future scenarios and evaluate the opportunities and risks in their departments. Risks can also be reported at any time on an ad hoc basis. The approvals required by the risk management process ensure that management is closely involved.

The demand for our company's services depends greatly on the global economy. Any deterioration in the economic situation could have a considerable impact on our projected earnings. On the other hand, an economic upswing beyond the anticipated level could result in our earnings exceeding expectations.

Our industry is a potential target for terrorist activity and as such the company is regulated by the Department For Transport (DFT). Additionally, the company is subject to regular unannounced audits. Our security procedures are approved by the DFT and any changes notified to them. Nominated staff at regulated sites are trained to the highest level of DFT requirements, and refresher training provided every two years.

DHL Global Forwarding (UK) Limited

Strategic report (continued)

For the year ended 31 December 2013

Performance and profitability risks

Stabilisation in the economy means that the probability of customer insolvencies is falling back to its normal low level. We continue to monitor the performance of our customers closely.

The company continues to be a major customer of UK airlines and shipping lines and as an active member of BIFA, the industry trade association, is able to exert an influence on industry developments which could affect our profitability.

Personnel risks

The performance of our employees is decisive in ensuring the growth and further development of the company and for this reason we want to become The Employer of Choice in our sector. We compete with other companies for highly qualified professionals and managers. As part of the Deutsche Post Group, we are able to offer employees a variety of development prospects, a broad range of continuing education options and performance based compensation. Satisfied employees and a low turnover rate minimise the risk of losing experience and knowledge.

Information technology risks

The company is protected against unauthorised access to data and data manipulation through various measures relating to our employees, organisation, applications systems and networks. We use firewall systems, virus scanners and access controls at operating system level to protect against data security risks. These standard activities serve to protect the confidentiality, integrity and authenticity of this data. Security mechanisms and plans are subject to ongoing review and improvement.

Financial risk management

The company has debtors and creditors in a number of foreign currencies, the most significant of which are US dollars and Euros. The risk of adverse movements in the exchange rates to sterling of these major currencies is minimised by offsetting liabilities and assets placed with Deutsche Post AG treasury department.

The company's major suppliers are airlines and shipping lines; our leading position in the industry places us in a favourable position in our price negotiations with these companies.

The company has access to its parent company's in house banking system and is thereby able to meet any short term deficit in liquidity.

The company has implemented policies that require appropriate credit checks on potential customers.

The company continues to maintain sufficient cash balances to finance its operations.

On behalf of the Board



Vari Cameron

Director

Date: 24/09/2014

DHL Global Forwarding (UK) Limited

Directors' report For the year ended 31 December 2013

Directors' Report

Directors

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

Vari Cameron
Steven Barker
Jesper Nielsen (Resigned 21/05/2014)
Remco Van Oerle (Appointed 21/05/2014)

Results and dividends

The company's profit for the financial year, after taxation, amounted to £24,525,000 (2012: £36,886,000).

There were no dividends paid during the year (2012: £nil).

Exel Freight Management (UK) Limited

One of the company's subsidiaries, Exel Freight Management (UK) Limited, has not traded in its own right for several years.

All remaining assets in Exel Freight Management (UK) Limited, including investments, are in the process of being transferred to the company.

Once the remaining assets in Exel Freight Management (UK) Limited have been transferred to the company, the Directors will consider the future activity of Exel Freight Management (UK) Limited.

Employees

The company, as a whole, places considerable value on the involvement of its employees and has continued its previous practice of keeping 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 and the DHL Group magazine. In addition all employees participate in an annual Employee Opinion survey and all managers focus on follow up actions based on this employee feedback through out the year.

The company actively encourages the development of all their employees and has a number of programmes that can assist in achieving this at all levels in the business including e-learning. It is our intention that all employees have an annual development plan agreed. In addition it is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that reasonable adjustments are made to ensure their ongoing employment.

The average number of staff employed during 2013 was 1,121 compared to 1,125 in the previous year. In 2013 staff costs were decreased from £46.1 million to £42.7 million.

Political and charitable contributions

During the year, the company donated £28,903 (2012: £34,148) to national and local charities within the UK. Our DHL Foundation also provides the funds to match local charity fund-raising efforts. No political donations were made in the year (2012: £nil).

Environmental Aspects

The company takes environmental aspects seriously and is working on the following:-

- Reviewing the warehouse energy lighting with a view to making carbon savings.
- Collaboration is taking place across the group to manage waste disposal.
- Continued development of carbon reporting for our customers and to Head Office.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DHL Global Forwarding (UK) Limited

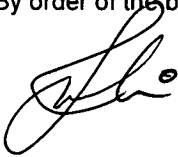
Directors' report (continued)
For the year ended 31 December 2013

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Exel Secretarial Services Limited

Company Secretary

Date: 24/09/2014

Independent auditors' report to the members of DHL Global Forwarding (UK) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

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

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by DHL Global Forwarding (UK) Limited, comprise:

- Balance sheet as at 31 December 2013;
- Profit and loss account and Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of DHL Global Forwarding (UK) Limited (cont'd)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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



Terri Coughlan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date: 24/09/2014

DHL Global Forwarding (UK) Limited

Profit and loss account

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000 (restated)
Turnover	2	560,234	594,146
Cost of sales		(452,501)	(483,265)
Gross profit		107,733	110,881
Administrative expenses		(81,720)	(82,133)
Operating profit	3	26,013	28,748
Income from shares in group undertakings	6	85	5,064
Profit on ordinary activities before interest and taxation		26,098	33,812
Other interest receivable and similar income	7	44	35
Interest payable and similar charges	8	(540)	(453)
Other finance income	20	29	680
Profit on ordinary activities before taxation		25,631	34,074
Tax on profit on ordinary activities	9	(1,106)	(1,262)
Profit for the financial year	19	24,525	32,812

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

DHL Global Forwarding (UK) Limited
Statement of total recognised gains and losses
For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000 (restated)
Profit for the financial year		24,525	32,812
Write off of deferred tax relating to pension liability		-	(11,297)
Actuarial loss on the pension scheme	20	(11,178)	(7,752)
Total recognised gains and losses related to the year		13,347	13,763
Prior year adjustment		(9,084)	
Total recognised gains and losses recognised since last annual report		4,263	

The prior year adjustment relates to specific additional liabilities identified following a review of the balance sheet by management in the year.

In 2012 a charge was made to reserves of £11,297k. This related to an intercompany receivable consisting of deferred tax on the defined benefit pension deficit in 2006 that was held on the balance sheet of DHL Global Forwarding (UK) Limited. The directors discovered in 2012 that there was not a corresponding intercompany payable on the balance sheet of Exel Limited and so the decision was made to write off this intercompany balance.

DHL Global Forwarding (UK) Limited

**Balance sheet
As at 31 December 2013**

	Note	2013 £'000	2012 £'000 (restated)
Fixed assets			
Tangible assets	11	3,937	4,635
Investments	12	24,085	24,085
		28,022	28,720
Current assets			
Debtors	13	205,114	214,940
Cash at bank and in hand		42	1,346
		205,156	216,286
Creditors: amounts falling due within one year	14	(139,234)	(167,233)
Net current assets		65,922	49,053
Total assets less current liabilities		93,944	77,773
Provisions for liabilities	15	(1,362)	(1,247)
Net assets excluding pension deficit		92,582	76,526
Pension liability	20	(12,917)	(10,208)
Net assets including pension deficit		79,665	66,318
Capital and reserves			
Called up share capital	17	12,972	12,972
Share premium account	18	121	121
Profit and loss account	18	66,572	53,225
Total shareholders' funds	19	79,665	66,318

The financial statements on pages 10 to 31 were approved by the board of directors on 24/09/2014 and signed on its behalf.



Vari Cameron

Director

Registered number: 4056042

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the publicly available consolidated financial statements of its immediate parent, Deutsche Post AG.

1.2 Turnover

Turnover represents the amounts (net of value added tax and similar taxes, trade discounts) derived from the provision of services to customers in respect of the company's principal activity of transportation services and logistics management during the year. Revenue is generally recognised upon performance of delivery of goods and services provided. Airline transport revenue is recognised when confirmation is received that the flight has taken off. Ocean transport revenue is recognised on sail date. Cartage revenue is recognised on delivery of goods.

1.3 Income from shares in group undertakings

Dividends received from subsidiary undertakings are recognised on a cash receipt basis.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life, as follows:

Leasehold improvements	-	over lesser of 10 years and remaining lease period
Plant and machinery	-	over 5 years
Furniture, fittings and equipment	-	over 5 years

1.5 Taxation

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

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

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

Notes to the financial statements (continued)
For the year ended 31 December 2013

1. Accounting policies (continued)

1.6 Operating leases

Rentals incurred under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1.7 Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

1.8 Pensions

The company operates two defined benefit pension sections within the DHL Group Retirement Plan. The Global Forwarding Section, previously known as the DHL Logistics Limited Retirement Benefit Scheme, and the AEI Section previously known as the Danzas Limited Pension and Life Assurance Scheme. The assets of the sections are held separately from those of the company and invested in managed funds with investment companies, administered by the Trustees of the DHL Group Retirement Plan.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension section's surplus, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The company also operates a defined contribution pension section. The assets of the section are held separately from those of the company in an independently administered section of the DHL Group Retirement Plan. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year.

1.9 Dividends

Interim dividends are recorded in the year in which they are approved and paid. Final dividends are accounted for in the year in which they are approved by the board of directors.

1.10 Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment value, if any. Impairment reviews are conducted by the directors on an annual basis.

1.11 Provisions

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

1.12 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Deutsche Post AG and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 "Related party disclosures" from disclosing related party transactions with entities that are part of the Deutsche Post AG group or investees of Deutsche Post AG group. For details of other related party transactions see note 16.

Notes to the financial statements (continued)
For the year ended 31 December 2013

1.13 Accounting policy for Share Appreciation Rights

The ultimate holding company, Deutsche Post A.G., grants share appreciation rights in its shares, to certain employees of the Company. As Deutsche Post A.G. has the obligation to settle the transaction in cash, the Company accounts for the awards as equity settled. The company records an expense in the income statement over the vesting period and credits other reserves within equity with the capital contribution from the parent. When Deutsche Post A. G. recharges the Company for the cost of the share appreciation rights issued to the Company's employees, the company debits other reserves.

Share appreciation rights are measured on the basis of an option pricing model in accordance with FRS 20. The share appreciation rights are measured on each reporting date and on the settlement date. The amount determined for stock appreciation rights that will probably be exercised is recognised pro rata in income under staff costs to reflect the services rendered as consideration during the vesting period. A provision is recognised for the same amount. Payments made in relation to the exercise of stock appreciation rights already changed to the profit and loss account are deducted directly from reserves.

2. Turnover

The Company carries on a single class of business.

The Company has taken advantage of the exception available under the terms of Statement of Standard Accounting Practice 25 "Segmental Reporting" not to disclose the geographical segment analysis, as in the opinion of the Directors they would not want to show their competitors where their main markets are.

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

3. Operating profit

The operating profit is stated after charging / (crediting):

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets:		
- owned by the company	1,171	891
Increase in dilapidation provision (Note 15)	115	48
Losses / (Gains) on foreign exchange	26	(150)
Operating lease rentals:		
- plant and machinery	986	760
- other	5,284	5,158
Services provided by company's auditors		
Fees payable for the audit	207	189

4. Staff costs

Staff costs were as follows:

	2013 £'000	2012 £'000
Wages and salaries	38,302	38,799
Social security costs	4,005	3,587
Other pension costs (Note 20)	348	3,732
Severance costs	22	10
	42,677	46,128

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

	2013 Number	2012 Number
Operations	899	902
Sales and marketing	58	59
Management and administration	164	164
	1,121	1,125

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2013

5. Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments	393	543
Defined benefit contributions in year	96	89
Defined contribution scheme contributions in year	-	10

Retirement benefits are accruing to two (2012: two) directors under the Group defined benefit scheme during the year.

One director had retirement benefits accruing under a defined contribution scheme held within another part of the Group. The company contributes to that scheme via reimbursement to the Group Company that sponsors the scheme.

During the year no directors (2012: nil) exercised options over shares of Deutsche Post AG.

Three (2012: three) directors were entitled to shares under a long term incentive scheme.

The directors are of the view that further disclosure as required by FRS20 Share-based Payment is not considered necessary as the impact on these financial statements is not material.

Highest paid director	2013 £'000	2012 £'000
Total amount of emoluments and amounts receivable under long-term incentive schemes	199	249
Contributions to defined contribution scheme	-	-
Accrued at year end under defined benefits pension scheme:		
Pension entitlement	31	60

6. Income from shares in group undertakings

	2013 £'000	2012 £'000
Dividends received	85	5,064

7. Other interest receivable and similar income

	2013 £'000	2012 £'000
Interest receivable by group treasury	44	35

8. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to group treasury	540	453

Notes to the financial statements (continued)
For the year ended 31 December 2013

9. Tax on profit on ordinary activities

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

	2013 £'000	2012 £'000 (restated)
Analysis of tax charge in year		
Foreign tax	1,106	1,262
Tax current tax	1,106	1,262

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000 (restated)
Profit on ordinary activities before tax	25,631	34,074
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	5,959	8,348
<i>Effects of:</i>		
Expenses not allowable for UK tax	56	(247)
Income not subject to UK tax	(20)	(1,241)
Capital allowances for the year in excess of depreciation	-	(97)
Shortfall of capital allowances over depreciation charged	20	-
Other timing differences	(1,937)	(665)
UK current tax charge for the year	4,078	6,098
Group relief claimed for nil consideration	(2,972)	(4,836)
Current tax charge for the year	1,106	1,262

Notes to the financial statements (continued)
For the year ended 31 December 2013

9. Tax on profit on ordinary activities (continued)

Deferred tax

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

	2013	2012
	£'000	£'000
Accelerated tax depreciation	276	302
Other timing differences	658	809
Pension	348	565
Net deferred tax asset	1,282	1,676

In Finance Act 2013 the main rate of corporation tax was reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

As these rate reductions were substantively enacted at the balance sheet date deferred tax balances have been remeasured based on a rate of 23, 21 or 20 per cent depending on the expected timing of reversal of the related timing or temporary difference.

The company had a net deferred tax asset at 31 December 2013 of £1,616k (2012:£1,676K) which has not been recognised in the financial statements because of the uncertainty that any future economic benefit arising from the timing differences will accrue to the company.

10. Dividends

No interim dividends were paid (2012: £nil)

There is no final dividend proposed for the year ended 31 December 2013 (2012: nil).

Notes to the financial statements (continued)
For the year ended 31 December 2013

11. Tangible fixed assets

	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2013	5,259	1,051	4,488	10,798
Additions	316	5	188	509
Disposals	(21)	-	(20)	(41)
At 31 December 2013	5,554	1,056	4,656	11,266
Accumulated depreciation				
At 1 January 2013	3,154	836	2,172	6,162
Charge for the year	513	48	610	1,171
On disposal	(4)	-	-	(4)
At 31 December 2013	3,663	884	2,782	7,329
Net book value				
At 31 December 2013	1,891	172	1,874	3,937
At 31 December 2012	2,105	215	2,316	4,635

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2013

12. Fixed assets investments

	Shares in group undertakings £'000
Cost and Net Book Value	
At 1 January 2013	24,085
At 31 December 2013	24,085

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Subsidiary undertakings:

The following were direct subsidiary undertakings of the company:

Subsidiary undertaking	Principal activity	Class / % of shares
DHL Trade Fairs and Events (UK) Limited	Lifting & Freight Forwarding for Exhibition Industry	Ordinary 85%
Exel Freight Management (UK) Limited	Logistics	Ordinary 100%
Higgs International Limited	Logistics	Ordinary 100%

The company also had the following indirect subsidiary undertakings:

Subsidiary undertakings of Exel Freight Management (UK) Limited:

Subsidiary undertaking	Principal activity	Class / % of shares
DHL Logistics Middle East FZE	Logistics	Ordinary 100%

All the subsidiaries above are incorporated in the United Kingdom, with the exception of Exel Middle East FZE which is incorporated in the United Arab Emirates.

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

13. Debtors

	2013 £'000	2012 £'000
Due within one year		
Trade debtors	79,998	81,983
Amounts owed by group treasury	57,453	28,238
Amounts owed by group undertakings	32,573	52,933
Other debtors	25,888	39,526
Prepayments and accrued income	9,202	12,260
	205,114	214,940

Amounts owed by group treasury are unsecured, at an interest rate of 9.48% per annum, have no fixed date of repayment and are repayable on demand. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000 (restated)
Trade creditors	48,536	36,407
Amounts owed to group treasury	34,270	61,665
Amounts owed to group undertakings	23,690	22,081
Other creditors	89	-
Other taxation and social security	5,357	4,836
Accruals and deferred income	27,292	42,244
	139,234	167,233

Amounts owed to group treasury are unsecured, at an interest rate of 9.48% per annum, have no fixed date of repayment and are repayable on demand. Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Provisions for liabilities

	Dilapidations £'000
At 1 January 2013	1,247
Additions	115
At 31 December 2013	1,362

Provision for dilapidations represents the current estimated costs to repair leased properties, which are required to be made good before the properties are returned at the end of the lease. Provision is made on a property-by-property basis and is expected to be utilized over 1 to 5 years

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

16. Related party transactions

The company has taken exemption, under the terms of Financial Reporting Standard 8, from disclosing related party transactions with entities that are part of the Deutsche Post AG group or investees of Deutsche Post AG group.

The transactions with DHL Trade Fairs and Events (UK) Limited (formerly Yorkshire Exhibition Services Limited), an 85% subsidiary of the company, fall outside the exemption and have therefore been disclosed below:

Description of transaction	2013			2012		
	Value of charges £'000	Value of purchases £'000	Receivable at year end £'000	Value of charges £'000	Value of purchases £'000	Receivable at year end £'000
Logistic services	127	-	-	249	-	-
Management services	12	-	-	12	-	-
Total	139	-	-	261	-	-

17. Called up share capital

	2013 £'000	2012 £'000
Authorised		
13,000,000 (2012: 13,000,000) ordinary shares of £1 each	13,000	13,000
Allotted and fully paid		
12,972,000 (2012: 12,972,000) ordinary shares of £1 each	12,972	12,972

18. Reserves

	Share premium Account £'000	Other Reserves £'000	Profit and loss Account £'000 (restated)
At 1 January 2013	121	-	58,235
Retained profit for the financial year	-	-	24,525
Capital contribution from parent undertaking	-	1,536	-
Recharge of share option scheme from parent	-	(1,536)	-
Actuarial loss recognised on retirement benefit schemes	-	-	(11,178)
At 31 December 2013	121	-	71,582
Pension liability			12,917
Profit and loss account excluding pension liability as previously stated			84,499
Prior year adjustment			(5,010)
Profit and loss account excluding pension liability restated			79,489

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

In 2012 a charge was made to reserves of £11,297k. This related to an inter-company receivable consisting of deferred tax on the defined benefit pension deficit in 2006 that was held on the balance sheet of DHL Global Forwarding (UK) Limited. The directors discovered in 2012 that there was not a corresponding inter-company payable on the balance sheet of Exel Limited and so the decision was made to write off this inter-company balance.

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2013

19. Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000 (restated)
Profit for the financial year after taxation	24,525	32,812
Retained profit for the financial year	24,525	32,812
Write off of deferred tax relating to pension liability	-	(11,297)
Actual loss recognised on retirement benefit schemes	(11,178)	(7,752)
Adjustment in respect of employee share schemes charged to the profit and loss account	1,536	-
Recharge of share option scheme from parent	(1,536)	-
Net addition to/(reduction in) shareholders' funds	13,347	13,763
Opening shareholders' funds	66,318	57,565
Closing shareholders' funds as previously stated	79,665	71,328
Prior year adjustment		(5,010)
Closing shareholders' funds restated		66,318

The prior year adjustment relates to specific additional liabilities identified following a review of the balance sheet by management in the year. The impact of this is to increase accounts payable by £5,009,685 and decrease reserves by the corresponding amount in the year ended 31/12/2012. There is no impact on cashflow.

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

20. Pension commitments

The company operates a defined benefit scheme split into the "Global Forwarding Section" and "AEI Section", named the DHL Group Retirement Plan providing benefits based on final pensionable pay.

The scheme is now closed to new members. The assets of the schemes are held separately from those of the company and invested in managed funds with investment companies, administered by the Trustees.

The assets and liabilities are held in separate identifiable sections of the DHL Group Retirement Plan with separate sections maintained for other DHL Pension funds, namely:

The Exel Retirement Plan

The Ocean Nestor Pension Scheme

The Tibbett & Britten Pension Scheme

The DHL (NHS) Supply Chain Pension Scheme

The DHL (UK) Pension Scheme

The DHL (UK) Pension and Death Benefits Scheme

The DHL UK Executive Pension Scheme

The principal employer of the DHL Group Retirement Plan is Deutsche Post AG.

The Group also operates a defined contribution section for employees who joined DHL Global Forwarding (UK) Limited after 1 January 2003. The assets of the scheme are held separately from those of the company and are independently administered. The premiums are charged to the profit and loss account as they accrue.

Defined benefit schemes

Actuarial valuations of the Global Forwarding Section and AEI Section using projected unit basis, were carried out at 31 December 2013 by Towers Watson, independent consulting actuaries. The major assumptions used by the actuary were:

Global Forwarding section	2013	2012
	%	%
Inflation	3.5	3.0
Rate of increase in salaries	3.5	3 to March 2012, 3.5 thereafter
Rate of increase for pensions		
Pre April 1997	Nil	Nil
April 1997 to June 2006	3.2	3.0
Post June 2006	2.0	2.4
Increases for pensions in deferment	2.5	2.5
Discount rate	4.5	4.5
Expected return on scheme assets	5.3	6.0

Notes to the financial statements (continued)
For the year ended 31 December 2013

20. Pension commitments (continued)

AEI section	2013	2012
	%	%
Inflation	3.0	3.0
Rate of increase in salaries	3.5	3 to March 2012, 3.5 thereafter
Rate of increase for pensions		
Pre April 1997	3.0	3.0
April 1997 to June 2006	3.3	3.3
Post June 2006	2.0	2.4
Increases for pensions in deferment	2.5	2.5
Discount rate	4.5	4.5
Expected return on scheme assets	5.3	6.0

The mortality assumptions used were as follows:

	2013	2012
	Years	Years
Longevity at age 65 for current pensioners:		
- Men	21.8	20.5
- Women	23.8	21.9
Longevity at age 65 for future pensioners:		
- Men	24.7	22.5
- Women	26.8	23.9

The assets in the scheme and the expected rates of return were:

	Value at 31 December 2013 £'000	Value at 31 December 2012 £'000
Equities	30,442	26,930
Debt securities	71,029	58,104
Other	15,612	21,258
Total market value of assets	117,083	106,292
Present value of scheme liabilities	(130,000)	(116,500)
Deficit in the scheme	(12,917)	(10,208)

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS 17.

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued)
For the year ended 31 December 2013

20. Pension commitments (continued)

Reconciliation of present value of scheme liabilities

	2013	2012
	£'000	£'000
1 January	(116,500)	(103,600)
Current service cost	(1,260)	(1,540)
Interest cost	(5,270)	(4,950)
Benefits paid	3,700	2,700
Contributions paid	(500)	(570)
Curtailments	4,400	-
Actuarial (loss) / gain	(14,570)	(8,540)
31 December	(130,000)	(116,500)

Reconciliation of present value of scheme assets

	2013	2012
	£'000	£'000
1 January	106,292	97,064
Expected return on assets	5,299	5,630
Employer contributions	5,300	4,940
Contributions paid by members	500	570
Actuarial gains	3,392	788
Benefits paid	(3,700)	(2,700)
31 December	117,083	106,292

Scheme assets do not include any of DHL Global Forwarding (UK) Limited's own financial instruments, or any property occupied by DHL Global Forwarding (UK) Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The expected return on assets assumption for 2013 is 5.3% p.a. (2012: 6.0% p.a.).

The actual return on scheme assets in the year was a gain £8,691,000 (2012: gain £6,418,000).

DHL Global Forwarding (UK) Limited

Notes to the financial statements (continued) For the year ended 31 December 2013

20. Pension commitments (continued)

Analysis of the amount charged to profit and loss is as follows:

	2013 £'000	2012 £'000
Operating profit		
Current service cost	1,260	1,540
Curtailment	(4,400)	-
Total cost	(3,140)	1,540
Other finance income		
Expected return on pension scheme assets	(5,299)	(5,630)
Interest on pension scheme liabilities	5,270	4,950
Net finance income	(29)	(680)
Total income to profit and loss	(3,169)	860

The current service cost is included within administrative expenses.

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £11,178,000.

Actuarial valuation

The full actuarial valuation at 31 March 2012 showed an increase in the overall deficit from £14.9 million to £34.6m. It has been agreed that contributions of £5,500,000 will be made over the next 3 years to reduce the deficit. The total contributions expected to be made to the scheme by DHL Global Forwarding (UK) Limited and other participating employers in the year to 31 December 2013 are therefore £1,900,000.

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligation	(130,000)	(116,500)	(103,600)	(85,310)	(86,900)
Plan assets	117,083	106,292	97,064	87,427	76,000
(Deficit) / surplus in the schemes	(12,917)	(10,208)	(6,536)	2,117	(10,900)
Experience adjustments on plan assets	3,392	788	1,728	1,716	7,705
Experience adjustments on plan liabilities	(170)	(2,940)	(1,060)	(604)	(40)
Total amount recognised in statement of total recognised gains and losses	(11,178)	(7,752)	(13,332)	10,032	6,198

Defined contribution scheme

The pension cost for the year ended 31 December 2013 was £3,488,000 (2012: £2,191,000).

Notes to the financial statements (continued)
For the year ended 31 December 2013

20. Pension commitments (continued)**Curtailment**

A decision was made during 2013 to close all sections of the Plan to future accrual on a defined benefit basis with an effective date of 31 March 2014. From that date all active members will become deferred members and accrue benefits on a defined contribution basis. A total curtailment gain of £4.4m resulted from the changes described above and this has been recognised in the profit and loss account. An accrual of £1.8m has been recognised in the accounts relating to transitional benefit payments. The cost related to this accrual is shown in Other pension costs as increased contributions.

21. Operating lease commitments

At 31 December 2013, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expiry date:				
Within 1 year	94	304	131	156
Between 2 and 5 years	3,415	2,829	615	437
After more than 5 years	-	334	-	-

22. Contingent liabilities

As at 31 December 2013 the company had a number of guarantees to the value of £14,810,211 in relation to various banks.

23. Disclosure for Share Appreciation Rights (SAR)

The ultimate holding company, Deutsche Post A.G., has made a grant during the year of share appreciation rights in its shares, to certain employees of the Company. This allows them to receive a cash payment within a defined period in the amount of the difference between the respective price of Deutsche Post A.G. shares and the fixed issue price if demanding performance targets are met. The obligation for the cash settlement of these awards rests with Deutsche Post A.G. until this cost has been recharged to the Company.

More details on the SAR Plan tranches are shown in the following table:

	2013	2012	2011	2010	2009
	Tranche	Tranche	Tranche	Tranche	Tranche
Issue date	1 August 2013	1 July 2012	1 July 2011	1 July 2010	1 July 2009
Issue price (€)	20.49	13.26	12.67	12.27	9.52
Waiting period expires	31 July 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013

The fair value of the SAR was determined using a stochastic simulation model. A stochastic simulation model is used for this purpose, which assumes a logarithmic normal distribution of the returns and is therefore based on the same fundamental assumption as the Black-Scholes model. The SARs are measured at each reporting date and at the settlement date. As a result, an expense of £1,536,000 was recognised for the year.

Notes to the financial statements (continued)
For the year ended 31 December 2013

23. Disclosure for Share Appreciation Rights (SAR) (continued)

A summary of the movements in the number of SAR units outstanding and their related weighted average exercise prices are as follows:

	Number of units	2013 Weighted average	Exercise price (€)	Number of units	2012 Weighted average	Exercise price (€)
Outstanding at start of year	1,757,917	12.22		1,329,187	11.88	
Granted	266,646	20.49		428,730	13.26	
Forfeited/cancelled	-	-		-	-	
Exercised	482,215	10.81	20.49	-	-	13.26
Outstanding at end of year	1,542,348	12.75		1,757,917	12.22	
Exercisable at end of year	8,016	-		-	-	

The following assumptions were used to estimate the fair value of the Stock Appreciation Rights granted:

	2013	2012
Risk free interest rate	0.95%	0.18%
Volatility rate	21.67%	24.15%

24. Ultimate parent undertaking and controlling party

The immediate parent company is Deutsche Post DHL Beteiligungen Holding GmbH and the ultimate parent undertaking and controlling party is Deutsche Post AG, a company registered in Germany, which is the parent of the smallest and largest group in which the results of the company are consolidated. Copies of the Deutsche Post AG financial statements are available from the registered office at Deutsche Post AG, Platz der Deutsche Post, Charles-de-Gaulle Strasse 20, 53250 Bonn, Germany.