COMPANY NO 04389O9

# Marken Time Critical Express Limited

## Reports and Financial Statements

## for the financial year ended 31 December 2018

Marken Time Critical Express Limited
*Company number 04438909*

## Contents

**Marken Time Critical Express Limited**
*Company number 04438909*

## Directors and other information

**Directors**
W Wheeler
D Fathallah
A Gravatt
J Mozzali

**Registered Office**
Ground Floor
107 Power Road
Chiswick
London
W4 5PY

**Bankers**
Bank of America, N.A.
5 Canada Square
London
E14 5AQ

**Independent Auditors**
Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Earlsfort Terrace
Dublin 2
Ireland

**Solicitors**
Clyde and Co LLP
Beaufort House
15 St Botolph Street
London
EC3A 7AR

## Strategic report

The directors of the company present their strategic report for the year ended 31 December 2018. The directors, in preparing the strategic report have complied with S414C of the Companies Act 2006.

### Principal Activities

Marken Time Critical Express Limited is a subsidiary of Maze 1 Limited (trading as 'Marken') which is a wholly owned subsidiary of United Parcel Service, Inc. (UPS). The Marken Group is the only patient-centric supply chain organization 100% dedicated to the pharmaceutical and life sciences industries. Marken maintains the leading position for direct to patient services and biological sample shipments and offers a state-of-the-art GMP-compliant depot network and logistic hubs in 47 locations worldwide for clinical trial material storage and distribution. Marken's more than 870 staff members manage 50,000 drug and biological shipments every month at all temperature ranges in more than 150 countries. Additional services such as biological kit production, ancillary material sourcing, storage and distribution, shipment lane verification and qualifications, as well as GDP, regulatory and compliance consultancy add to Marken's unique position in the pharma and logistics industry.

Marken Time Critical Express Limited was set up to support the development of Marken's activities, via branch offices, in Australia and Singapore. These financial statements are for the company and combine the results of both of the branches.

### Vision, Strategy and Business Model

Marken's vision is to be partner of choice for the clinical trials industry. We are positioned as the clinical supply chain subsidiary of UPS.

Our strategy is to offer clients dedicated, full scope clinical pharmaceutical services & supply chain solutions, and successful execution of the strategy is underpinned by 5 'Strategic Pillars':

1. Grow – organic growth and acquisitions
2. Lead – in quality and infrastructure, in service and technology
3. Measure – build best in class analytics and reports
4. Nurture – build a best in class team
5. Protect – protect the business we have

Marken's business model relies on a deep and intimate understanding of our customers' requirements and is focused on providing on-time delivery within specification, to exceed customer expectations. Marken continues to emphasis commitment to provide personalised customer service and hands-on operational staff in each of our operating locations.

### Business Operational and Financial Performance Review

The results for financial year and state of affairs of the company are set out in the income statement, statement of comprehensive income and balance sheet on pages 10, 11 and 12 respectively.

## Strategic Report *(continued)*

**Key Performance Indicators**

The company principally manages the business using revenue and profitability key performance indicators as set out below and under the business operational and financial performance review section of the strategic report.

| | Year Ended | Year Ended | Year-on-year variance |
|---|---|---|---|
| | **31-Dec-18** | 31-Dec-17 | (%) |
| **Key performance Indicator** | **£'000** | £'000 | |
| Turnover | **37,101** | 36,178 | 2.55% |
| EBITDA* | **7,828** | 6,840 | 10.61% |
| EBITDA margin | **21.1%** | 18.91% | 1.48% |
| Profit for the year | **4,209** | 3,836 | 10.87% |

* EBITDA defined as earnings before interest, tax, depreciation and amortisation.

**Commentaries on variances**

The increase in revenue is driven by growth in the Australia branch, in both key accounts and new business. This growth continues in 2019 and is supported by increase in the local team. This growth has achieved slightly higher margin and as a result the EBITDA ratio has observed a slight increase year on year.

**Principal risks and uncertainties**

***Strategic, Commercial and Operational Risk Management***

As an international clinical logistics organisation, Marken is exposed to strategic, commercial and operational risks, which are monitored and managed by the directors. These include:

- Carrier delays and non-performance of transportation;
- Increasingly restrictive regulations;
- Widespread disruption of technology systems;
- Increasing equipment and operational costs;
- Increased competition; and
- Increases in the cost of licenses, registration fees, insurance costs and transportation costs.

The approach to the management of these risks is through an assessment of the nature of the risks, the potential outcomes, the controls in place to mitigate the risks and their effectiveness. This process is led by the Board and delegated to group management when appropriate.

This strategic report was approved by the board of directors on 13 September 2019 and signed on behalf of the board by:

**A Gravatt** **13 September 2019**
Director

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

**Results and dividends**

| | Year ended 31 December 2018 £000 | Year ended 31 December 2017 £000 |
|---|---|---|
| Profit for the financial year | 4,209 | 3,836 |

The directors do not recommend the payment of a dividend *(2017: Nil)*.

**Principal activity, business review and future developments**

The principal activity of the company is to provide global patient supply chain solutions exclusively for the pharmaceutical, biotechnology and life sciences industries. The company was set up to support the development of Marken's activities, via branch offices, in Australia and Singapore.

*Business review*

Please refer to the 'Business Operational and Financial Performance Review' in the Strategic report for details on the performance of the company in 2018.

*Future developments*

The directors expect the company to continue on strong revenue and EBITDA growth trajectories in 2019, based on a strong opening order book, an increasingly robust pipeline of new opportunities, the financial and network strength of UPS behind Marken and continued modest growth in the outsourced clinical trials market. The growth of the outbound clinical logistics market is expected to accelerate, as the pipeline of biologically-derived drug candidates flow into late stage development.

**Going concern**

The directors have prepared the financial statements on a going concern basis. More details can be found in Note 1 to these financial statements.

The financial statements have been prepared on a going concern basis. Marken is reliant on the continued support of its ultimate parent company, UPS, which has confirmed that it is its present intention to provide sufficient funds to enable Marken to continue its normal trading activities and pay its debts as and when they fall due for the foreseeable future, being at least one year from the date of approval of these financial statements.

## Directors' report *(continued)*

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

W Wheeler
D Fathallah
A Gravatt
J Mozzali (appointed 30 September 2018)
D Silvernale (resigned 30 September 2018)

The directors have no interest in the share capital of the company or any other group undertakings.

**Financial risk management**

Marken's operations expose it to a variety of financial risks that include the effects of price, credit, liquidity, foreign exchange, interest rate, commodity price and political risks. Due to the size of the company's operations, it is not exposed to a number of these financial risks, with the exception of foreign currency risk arising on its UK sterling denominated balances. The exposure to foreign exchange risk within the company is monitored and managed closely by the Directors.

**Political donations**

The company made no political donations nor incurred any political expenditure during the financial year.

***Overseas branches***

The company has two branches that operate outside of the UK. These are located in Australia and Singapore. These financial statements are combined and include the results of both branches.

**Brexit**

Marken Group is well-positioned to withstand any negative impact of Brexit in respect of labour mobility, regulatory and other government policies, as well as inward investment to the UK and the overall macroeconomic situation, as it is a fully international business with a diverse global customer base.

**Auditor**

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors, Deloitte Ireland LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

**A Gravatt** — **13 September 2019**
**Director**

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the annual report in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

## Independent auditor's report to the members of Marken Time Critical Express Limited

### Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Marken Time Critical Express Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

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

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Deloitte.

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**Independent auditor's report to the members of Marken Time Critical Express Limited**

**Other information (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

**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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identified during the audit.

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Deloitte.

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**Independent auditor's report to the members of Marken Time Critical Express Limited**

**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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has 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 and 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.

**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.

Sinéad McHugh

Sinéad McHugh (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP, Statutory Auditor
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Date: 16/09/2019

**Marken Time Critical Express Limited**
*Company number 04438909*

## Income Statement

***For the year ended 31 December 2018***

| | Note | 2018 £000 | 2017 £000 |
|---|---|---|---|
| **Revenue** | 4 | **37,101** | 36,178 |
| Operating expenses | 5 | **(29,353)** | (29,435) |
| **Operating Profit** | | **7,748** | 6,743 |
| Net Finance costs | 7 | **(2,324)** | (2,007) |
| **Profit on ordinary activities before taxation** | | **5,424** | 4,736 |
| Income tax charge | 8 | **(1,215)** | (900) |
| **Profit for the financial year** | | **4,209** | 3,836 |

All results derive from continuing operations.

The notes on pages 14 to 28 form part of these financial statements.

**Marken Time Critical Express Limited**
*Company number 04438909*

## Statement of Comprehensive Income

***For the year ended 31 December 2018***

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Profit for the financial year | 4,209 | 3,836 |
| Net exchange differences on translation of branches | 190 | 340 |
| **Total comprehensive income for the financial year** | 4,399 | 4,176 |

The notes on pages 14 to 28 form part of these financial statements.

**Marken Time Critical Express Limited**
*Company number 04438909*

## Balance sheet

***As at 31 December 2018***

| | Note | 2018 £000 | 2017 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | *9* | 71,767 | 71,767 |
| Property, Plant and Equipment | *10* | 213 | 198 |
| **Total non-current assets** | | 71,980 | 71,965 |
| **Current assets** | | | |
| Inventory | *11* | 178 | 122 |
| Debtors | *12* | 88,200 | 74,949 |
| Cash at bank and in hand | | 332 | 838 |
| ***Total current assets*** | | 88,710 | 75,909 |
| Creditors | *13* | (75,319) | (66,902) |
| Net current assets | | 13,391 | 9,007 |
| **Net assets** | | 85,371 | 80,972 |
| **Capital and reserves** | | | |
| Ordinary shares | *14* | - | - |
| Share premium account | | 31,524 | 31,524 |
| Profit and loss account | | 53,847 | 49,448 |
| **Total shareholder's funds** | | 85,371 | 80,972 |

The notes on pages 14 to 28 form part of these financial statements.

The financial statements were approved by the board of directors on 13 September 2019 and were signed on its behalf by:

**A Gravatt**
**Director**
**13 September 2019**

Marken Time Critical Express Limited
*Company number 04438909*

## Statement of changes in equity

***For the year ended 31 December 2018***

| | Ordinary Shares | Share premium account | Profit and loss account | Total shareholders' funds |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Balance as at 1 January 2017** | - | **31,524** | **45,272** | **76,796** |
| Profit for the financial year | - | - | **3,836** | **3,836** |
| Other comprehensive income for the financial year | - | - | **340** | **340** |
| **Balance as at 31 December 2017** | - | **31,524** | **49,448** | **80,972** |
| Profit for the financial year | - | - | **4,209** | **4,209** |
| Other comprehensive income for the financial year | - | - | **190** | **190** |
| **Balance as at 31 December 2018** | - | **31,524** | **53,847** | **85,371** |

The notes on pages 14 to 28 form part of these financial statements.

## Notes to the financial statements

### 1. General Information

Marken Time Critical Express Limited (the company) is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of United Parcel Service Inc. The group accounts of United Parcel Service Inc are available to the public and can be obtained as set out in note 19.

**New and amended IFRS Standards that are effective for the current year**

**Impact of initial application of IFRS 9 *Financial Instruments***

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

The company's accounting policies for financial instruments are disclosed in Note 2. IFRS 9 has not resulted in changes in the carrying amounts of the company's financial instruments due to changes in measurement categories. All financial assets that were classified as Trade and other receivables and measured at amortised cost continue to be measured at amortised cost. Financial liabilities continue to be classified as amortised cost and measured at amortised cost.

In addition, the application of the ECL model under IFRS 9 has not changed the carrying amounts of the company's financial assets. The carrying amounts of financial assets continued to approximate their fair values on the date of transition to IFRS 9.

**Impact of application of IFRS 15 Revenue from Contracts with Customers**

In the current year, the company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the company's financial statements are described below.

The company has applied IFRS 15 in accordance with the fully retrospective transitional approach using the practical expedient for completed contracts in IFRS 15:C5(a) for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2. The application of IFRS 15 has not had an impact on the financial position or financial performance of the company.

## Notes to the financial statements *(continued)*

**Impact of initial application of other amendments to IFRS Standards and Interpretations**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

| *New and revised IFRS* | *Effective for annual periods beginning on or after* |
|---|---|
| *IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions* | *1 January 2018* |
| *IAS 40 (amendments) Transfers of Investment Property* | *1 January 2018* |
| *IFRIC 22 Foreign Currency Transactions and Advance Consideration* | *1 January 2018* |

The following standards are not yet mandatorily effective and have not been early adopted by the company;

- IFRS 16 Leases (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments

The company does not believe adoption of the above standards will have a material impact on the financial statements.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *2.1 Basis of preparation*

***Basis of preparation***

The financial statements of Marken Time Critical Express Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

As the Company is a wholly owned subsidiary of United Parcel Services Inc, the company has taken advantage of the disclosure exemptions permitted by FRS 101. The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS I 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f)7 16: 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 134 (d) – 34(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 134(d)-134(f) and1 35(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of IFRS 3 paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 [FRS 101: 8(b)]

## Notes to the financial statements *(continued)*

***Basis of preparation (continued)***

Where relevant, this information is included in the consolidated financial statements of UPS Inc as at 31 December 2018 which are available to the public and can be obtained as set out in note 19.

### 2.2 *Goodwill*

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Marken's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### 2.3 *Going concern*

The company has support from the ultimate parent company, UPS Inc, which has confirmed that there is no intention to ask for repayment of amounts due to itself and other Marken companies in the foreseeable future, and for a period no less than 12 months from the date of signing the audit report. The Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The financial statements do not reflect any adjustment should the going concern basis not be appropriate.

### 2.4 *Current versus non-current classification*

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### 2.5 *Revenue*

The company has adopted IFRS 15 and has applied the following accounting policy in the preparation of its financial statements.

*Revenue from contracts with customers*

The company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

## Notes to the financial statements *(continued)*

### *2.5 Revenue (continued)*

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The company recognizes revenue at the point in time, which represents invoiced value of services rendered during the year, net of discounts. Revenue is recognized 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.

### *2.6 Foreign currencies*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company or branch operates ('the functional currency'). The financial statements are presented in 'Pound sterling' (£). Transactions in currencies other than the company's or branch's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

***Transactions and balances***

Transactions in foreign currencies are initially recorded by the Marken entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items are measured at historical cost in a foreign currency and are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

***Branches***

On consolidation of the branches, the assets and liabilities of foreign operations are translated into GBP at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the weighted average exchange rates. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit or loss.

Income statements of foreign entities are translated into the company's presentation currency at sales-weighted average exchange rates for the year and their balance sheets are translated at the exchange rates prevailing on 31 December 2018.

## Notes to the financial statements *(continued)*

### 2.7 *Taxation*

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities within 12 months of the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences. The carry forward of unused tax credits and unused tax losses is recognised to the extent that it is probable that taxable profit will be available in future years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## Notes to the financial statements *(continued)*

### *2.8 Property, plant and equipment*

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, Marken recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| • Motor vehicles | 25% per annum |
| • Computer equipment | 33.3% per annum |
| • Plant and Machinery | 15% per annum |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### *2.9 Leases*

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. The company does not act as a lessor in any of its lease agreements.

### *2.10 Impairment of non-financial assets*

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

# Notes to the financial statements *(continued)*

### 2.10 *Impairment of non-financial assets (continued)*

The company bases its impairment calculation on the company's 5-year Strategic Plan and budgets. A long-term growth rate is calculated and applied to project future cash flows after the 5th year. Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

*Assets excluding goodwill*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

*Goodwill*

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.11 *Inventories*

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

### 2.12 *Provisions*

*General*

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Decommissioning liability*

The company records provisions for decommissioning costs on depots and other buildings where contractual obligations exist to rectify any modifications made to the premises. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied, are added to or deducted from the cost of the asset.

## Notes to the financial statements *(continued)*

### *2.13 Post retirement benefits*

The company contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect of the accounting year.

### *2.14 Financial instruments*

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Financial assets subsequently measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company includes in this category cash, trade receivables, amounts owed by group and parent undertakings and other short-term receivables.

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

*Impairment of financial assets*

The company only holds receivables at amortized cost, with no significant financing component and which have maturities of less than 12 months and as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the company does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date.

The carrying value of interest receivable, receivables on unsettled trades and other short-term receivables, measured at amortized cost less any expected loss, is an approximation of fair value given their short-term nature.

## Notes to the financial statements *(continued)*

### 2.14 *Financial instruments (continued)*

***Derecognition of financial assets***

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The company includes in this category trade payables and other short-term payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

***Derecognition of financial liabilities***

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the company exchanges with the existing lender one debt instrument for another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

## Notes to the financial statements *(continued)*

### 3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical judgements required when preparing the company's financial statements are as follows:

(i) Impairment of assets – Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recovered; or in the case of goodwill, on an annual basis. When a review for impairment is conducted the recoverable amount of an asset or cash-generating unit is determined based on the high of fair value, less costs to sell, and value in use calculations prepared on the basis of management's assumptions and estimates. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the choice of a suitable discount rate in order to calculate the present value.

(ii) Rebates – The company issues rebates to customers based on the volume of revenue generated over a pre-defined period. Judgments are made where rebate arrangements span the end of a reporting period. Rebates are accrued based upon management judgment as to the extent to which turnover targets will be met for the remainder of any pre-defined rebate period outstanding at the end of the reporting period.

### 4. Analysis of turnover and operating profit

Turnover relates to the company's principal activity, which the directors consider constitutes a single class of business. Turnover arise wholly in Australia and Singapore.

| | 2018<br>£000 | 2017<br>£000 |
|---|---|---|
| Australia | 9,461 | 8,172 |
| Singapore | 27,640 | 28,006 |
| ***Turnover total*** | **37,101** | 36,178 |

### 5. Operating expenses

The following amounts have been charged/ (credited) in arriving at the operating profit:

| | 2018<br>£'000 | 2017<br>£'000 |
|---|---|---|
| Raw materials, consumables and other purchases | 20,616 | 19,129 |
| Staff costs | 3,851 | 4,116 |
| Depreciation - owned assets | 79 | 97 |
| Operating lease rentals | 415 | 475 |
| Exchange (gain)/ loss | (648) | 676 |
| Global recharges | 3,839 | 3,899 |
| Loss on tangible asset disposal | - | 5 |
| Other operating charges | 1,201 | 1,038 |
| | 29,353 | 29,435 |

The auditors' remuneration of €20,000 for the audit of these financial statements is borne by another Marken undertaking.

The directors' remuneration is borne by another Marken undertaking.

## Notes to the financial statements *(continued)*

### 6. Staff numbers and costs

Staff costs were as follows:

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

| | 2018 Number | 2017 Number |
|---|---|---|
| Management | 4 | 4 |
| Administration | 14 | 12 |
| Operations | 63 | 55 |
| | 81 | 71 |

The aggregate payroll costs of these persons were as follows:

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Wages and salaries | 3,491 | 3,793 |
| Social security costs | 271 | 249 |
| Other pension costs | 89 | 74 |
| | 3,851 | 4,116 |

### 7. Net finance costs

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Interest payable to Marken group undertakings | 2,490 | 2,007 |
| Interest receivable from UPS | (166) | - |
| | 2,324 | 2,007 |

### 8. Tax on profit on ordinary activities

| | 2018 £000 | 2017 £000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | 1,007 | 851 |
| Adjustment in respect of prior years | 208 | 49 |
| **Tax on profit on ordinary activities** | 1,215 | 900 |

**Factors affecting the tax charge for the current year**
The total tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00 % *(2017: 19.25%)*.

## Notes to the financial statements *(continued)*

### 8. Tax on profit on ordinary activities (continued)

The differences are explained below:

| | 2018 £000 | 2017 £000 |
|---|---|---|
| *Total tax reconciliation* | | |
| Profit before taxation | **5,424** | 4,736 |
| Profit before taxation multiplied by the standard rate in the UK of 19% (19.25%) | **1,031** | 911 |
| *Effect:* | | |
| Expenses not deductible for tax purposes | **48** | 21 |
| Movements in unrecognised fixed asset and other temporary differences | **14** | 24 |
| Lower rates of overseas tax net of double taxation relief | **(86)** | (105) |
| Adjustment in respect of earlier periods | **208** | 49 |
| **Total tax charge for the year** | **1,215** | 900 |

The UK Government has announced a staged reduction in the main rate of corporation tax. From 1 April 2015 the main rate of corporation tax was reduced from 21% to 20% and from 1 April 2017 it reduced to 19% with a further reduction to 17% scheduled from 1 April 2020.

### 9. Intangible assets

| | Goodwill 2018 £000 | Goodwill 2017 £000 |
|---|---|---|
| Cost and net book value 1 January | 71,767 | 71,767 |
| Cost and net book value 31 December | **71,767** | 71,767 |

## Notes to the financial statements *(continued)*

### 10. Property, Plant and Equipment

| | Motor Vehicles £000 | Computer Equipment £000 | Plant and Machinery £000 | Total £000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2018 | 95 | 124 | 343 | 562 |
| Additions | - | 28 | 66 | 94 |
| Disposals | - | - | (230) | (230) |
| **At 31 December 2018** | **95** | **152** | **179** | **426** |
| **Accumulated depreciation** | | | | |
| At 1 January 2018 | (95) | (93) | (176) | (364) |
| Charge for the year | - | (22) | (57) | (79) |
| Depreciation disposals | - | - | 230 | 230 |
| **At 31 December 2018** | **(95)** | **(115)** | **(3)** | **(213)** |
| **Net book value** | | | | |
| **At 31 December 2018** | **-** | **37** | **176** | **213** |
| At 31 December 2017 | - | 31 | 167 | 198 |

### 11. Inventories

| | **2018 £000** | 2017 £000 |
|---|---|---|
| Durable packaging | **26** | 33 |
| Consumable packaging | **152** | 89 |
| | **178** | 122 |

The cost of inventories recognised as an expense and included in operating expenses amounted to £649,699 (2017: £521,007).

### 12. Debtors

| | **2018 £000** | 2017 £000 |
|---|---|---|
| Trade debtors | **3,343** | 3,585 |
| Amounts owed by Marken group undertakings | **55,728** | 61,473 |
| Other debtors | **44** | - |
| VAT recoverable | **139** | 94 |
| Prepayments and accrued income | **597** | 616 |
| Amounts due by parent Company | **28,349** | 9,181 |
| | **88,200** | 74,949 |

Amounts owed by Marken undertakings and the parent company are non-interest bearing, unsecured and are receivable on demand.

## Notes to the financial statements *(continued)*

### 13. Creditors: amounts falling due within one year

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Trade creditors | **7** | 741 |
| Amounts owed to Marken group undertakings | **68,950** | 61,811 |
| Corporation tax payable | **1,007** | 519 |
| Other taxes and social security | **103** | 87 |
| Accruals and deferred income | **1,548** | 1,741 |
| Other payables | **358** | 294 |
| Amounts due to Parent Company | **3,346** | 1,709 |
| | **75,319** | 66,902 |

In 2015, the Company borrowed a 5-year unsecured loan of SGD$69,000,000 from a fellow subsidiary, Marken South America Limited. The loan is repayable on demand and is subject to an interest rate of 5.5%

The company has an unsecured loan of AU$2,587,544 from Marken Limited, the parent undertaking which is repayable on demand and is subject to an interest rate of 3.96%.

Other amounts owed to Marken undertakings and the parent company are non-interest bearing, unsecured and are repayable on demand.

### 14. Called up share capital

| Authorised and issued and fully paid | 2018 £'000 | 2017 £000 |
|---|---|---|
| 4 (2017: 4) ordinary shares of £1 each | - | - |

### 15. Pension scheme

The company operates or contributes to a number of defined contribution pension schemes. The pension costs charge for the year represents contributions payable to these schemes and amounted to £88,965 (2017: £74,108).

Outstanding contributions at the year-end amounted to £21,145 (2017: £13,603) and are included in creditors falling due within one year (Note 13).

### 16. Commitments

At 31 December 2018, the company had future minimum lease payments under operating leases as follows:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Land and buildings £000 | Plant and equipment £000 | Land and buildings £000 | Plant and equipment £000 |
| Within one year | **637** | **120** | 177 | 254 |
| Between one and five years | **844** | **145** | 331 | 67 |
| After more than five years | - | - | - | - |
| | **1,481** | **265** | 508 | 321 |

## Notes to the financial statements *(continued)*

### 17. Related party transactions

The company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more wholly members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

### 18. Post balance sheet events

There are no significant post balance sheet events.

### 19. Ultimate controlling party

The Company's immediate parent undertaking is Marken Time Critical Express GmbH, a Company incorporated in Germany.

The ultimate parent undertaking and the largest group to consolidate these financial statements is United Parcel Service, Inc. a Company incorporated in the United States of America.

Copies of the consolidated financial statements of United Parcel Service, Inc. are available to the public and can be obtained from the Company's website http://www.investors.ups.com.